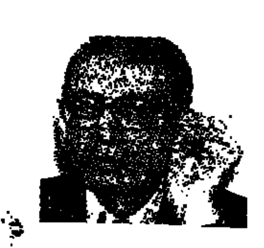

UN Security Council

The strains of the peacekeeping business

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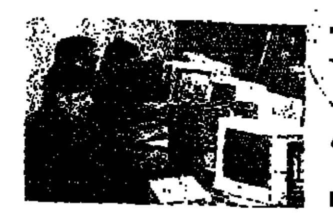

Trade with the Urals

How companies can deal direct

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Recipe for success?

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Galileo's telescope: does God believe in science?

FINANCIAL TIMES

Europe's Business Newspaper

FRIDAY JANUARY 22 1993

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Pollution alert as tanker spills oil off Sumatra coast

A blazing supertanker laden with almost 2m barrels of light crude started spilling oil into the sea off the northern tip of Sumatra. Fire-fighting vessels and tugboats were on their way from Singapore amid indications that oil from the Danish-owned Maersk Navigator was being driven by winds towards Malaysia. Salvage experts flew to the scene to check the extent of spillage from the 255,000-tonne tanker, abandoned by its crew and still drifting after colliding with another ship. Page 3: MEPs call for tanker controls, Page 2

Time Warner, US media and entertainment group, is to redeem $2.5bn worth of convertible preferred stock in line with its stated intention of reducing bank debt and the cost of preferred stock dividends. Page 13

British jobless nears 3m: UK unemployment rose to nearly 3m, a total described as "deeply disappointing" by prime minister John Major. The news lifted hopes of an interest rate cut. Page 12 and Lex

Baird under fire at Senate hearings: Zoe Baird, US president Bill Clinton's nominee for attorney-general, insisted she would not withdraw her nomination after tough questioning from senators about her employment of illegal aliens. She argued that awareness of her own transgression, in hiring two Peruvians for household chores, would help her to dispense justice more equally. Clinton said he expected her to be confirmed. Page 4

Boost for Russian investment: The World Bank is to reform its lending policies in an attempt to boost investment in former communist states, especially Russia, by making it more attractive for other banks to lend money. Page 2; Former Soviet republics try to avert trade collapse, Page 4

Brazil introduces fiscal reform: The Brazilian government has won Congressional approval for a tax on financial transactions, which should generate $7.2bn in extra revenue. Page 4

Kansallis-Osake-Pankki, Finland's leading commercial bank, expects a FM3.5bn ($644m) pre-tax loss in 1992, more than double the 1991 deficit, and does not foresee a return to profit before 1995. Page 13

Cambodia peace plan unravels: Khmer Rouge guerrillas reiterated their refusal to take part in Cambodia's May elections, a decision that will almost certainly lead to the country being partitioned. Page 3

SE Banken restructuring: *Skandinaviska* Enskilda Banken, Sweden's largest commercial bank, is splitting its operations into three parts including a special division to handle non-performing loans. Page 13

Lloyd's of London is likely report losses of at least £2.5bn ($3.8bn) over the next two years, which would put further strain on the insurance market's capital base. Page 6

Bosnian-Moslems claim advances: Serbs sent two aircraft to bomb Bosnian lines – in contravention of UN resolutions – after Moslem-led government forces claimed big gains in battles with rebel Serbs in eastern Bosnia.

Blow for Japanese retail sector: Japan's retailers, hit by a slide in consumer spending and falling profits, suffered a further blow with reports that Shuwa, stock and property speculator, was selling its stake in leading department stores. Page 14

Israel's credit rating upgraded: Israel's debt rating has been upgraded by Standard and Poor's in response to a perceived improvement in the Middle East political outlook, progress in economic reforms and the granting of US loan guarantees. Page 3

McDonnell Douglas, US aerospace group, expects 1992 earnings to fall well below 1991 because of loss provisions in its C-17 military transport aircraft programme and lower earnings from commercial aircraft. Page 15

US supermarket founder dies: Joseph A. Albertson, who built an Idaho grocery store into a 670-strong supermarket chain across 19 states, died at his Boise home, aged 86.

■ STOCK MARKET INDICES

FT-SE 100:	2,773.3	(+24.6)
Yield	4.41	
FT-SE Eurotrack 100	1,091.44	(–0.4)
FT-A All-Share	1,344.64	(+0.8%)
Nikkei	16,538.68	(+28.5)
New York: lunchtime		
Dow Jones Ind Ave	3,243.30	(+1.35)
S&P Composite	433.61	(+0.24)

■ US LUNCHTIME RATES

Federal Funds:	3 1/16 %
3-mo Treas Bills: Yld	3.034%
Long Bond	103 11/32
Yield	7.341%

■ LONDON MONEY

3-mo Interbank	6 7/8	(7%)
Liffe long gilt future:	Mar 100 5/8	(Mar 99 7/8)

■ NORTH SEA OIL (Argus)

Brent 15-day (Mar)	$17.275	(17.075)

■ Gold

New York Comex (Jan)	$329.2	(329.9)
London	$330.05	(329.55)

■ STERLING

New York lunchtime:		
$	1.518	
London:		
$	1.518	(1.541)
DM	2.4525	(2.475)
FFr	8.28	(8.365)
SFr	2.2475	(2.2675)
Y	189.75	(192.5)
£ Index	79.8	(80.6)

■ DOLLAR

New York lunchtime:		
DM	1.61425	
FFr	5.456	
SFr	1.4805	
Y	124.805	
London:		
DM	1.615	(1.6065)
FFr	5.455	(5.4275)
SFr	1.4805	(1.471)
Y	125.08	(124.95)
$ Index	66.5	(66.1)

Tokyo close Y 124.68

Austria	Sch30	Greece	Dr300	Lux	LFr60	Qatar	QR12.00
Bahrain	Din1 250	Hungary	Ft 182	Malta	Lm0.60	S.Arabia	SR11
Belgium	BFr60	Iceland	IKr180	Morocco	MDh13	Singapore	S$4.10
Bulgaria	Lw25.00	India	Rs40	Neth	Fl 3.75	Spain	Pta200
Cyprus	C£1.00	Indonesia	Rp3800	Nigeria	Naira20	Sweden	SKr15
Czech	Kcs35	Israel	Shk5.50	Norway	NKr16.00	Switz	SFr3.20
Denmark	DKr15	Italy	L2700	Oman	OR1.50	Syria	S£50.00
Egypt	E£4 50	Jordan	JD1.50	Pakistan	Rs35	Thailand	Bht60
Finland	FM12	Korea	Won 2500	Philippines	Pso45	Tunisia	Din1.250
France	FFr8.50	Kuwait	Fils.600	Poland	Zl 22,000	Turkey	L6000
Germany	DM3.30	Lebanon	US$1.25	Portugal	Es215	UAE	Dh11.00

Bundesbank backs cuts in spending, says Waigel

By Quentin Peel in Bonn

MR THEO WAIGEL, the German finance minister, said yesterday the Bundesbank had given a "positive" response to his plans for spending cuts of up to DM20bn ($12.5bn) a year.

After a trip to the central bank council meeting in Frankfurt to present his package, he said its members had given a cautious acceptance to his immediate plans for a DM10bn increase in borrowing, devoted entirely to the extra costs of the current recession.

"The German Bundesbank considers a higher net borrowing requirement, justified in this way, as defensible," he said, "provided that the overall concept of the federal consolidation programme is put into effect in its main provisions."

His words supported the widespread expectation that the Bundesbank will be prepared to relax its interest rates in the coming weeks, once it sees the full outlines of the government's planned "solidarity pact" with employers, trade unions and the 16 state governments.

At the same time, the ruling coalition gave more details of the programme, alongside the savings package, to boost economic development and investment in east Germany, the intended beneficiary of the solidarity pact.

They include an agreement by the central government to take over the debts of the Treuhand privatisation agency, and the accumulated debts of the former east German government, instead of asking the five eastern states to share the cost of repaying half of them.

From 1995 onwards, the eastern Länder and Berlin will also benefit from a transfer of DM60bn in state subsidy, to assume their full public spending responsibilities.

The package of 18 specific measures, including more money for investment subsidies for small enterprises, the extension of special depreciation allowances, a deal for sharing environmental damages costs, and another DM10bn for modernising the housing stock, has been worked out by the government and the coalition parliamentary parties.

Mr Waigel said his savings plans in the west had received broad approval from the Bundesbank. He had appealed directly to the bank to look on the plans as giving greater room for manoeuvre in reducing its leading interest rates.

He said the central bank welcomed his moves to reduce the pressure of public borrowing on the capital markets, by increasing oil tax, and road fund tax, from 1994 to pay off DM15bn in debts of the German railways, and find new ways of servicing the state's accumulated housing debts. That would remove a debt financing need for some DM30bn from the capital markets, he said.

Soft line promised over infringements

Brussels offers truce on breaking of market rules

By Andrew Hill in Brussels

THE European Commission has called a truce with Community governments which break or fail to implement the rules of the new barrier-free single market.

Mr Raniero Vanni d'Archirafi, the EC's new internal market commissioner, yesterday promised a softly-softly approach to infringements of the single market, which came into force three weeks ago.

Mr Vanni d'Archirafi did not specify how long such an "armistice" would last, but he said the Commission would monitor the progress of the market over the first two to three months of 1993.

The announcement provoked a mixed reaction from European business, which is worried that lax enforcement of nearly 300 single market measures might undermine the benefits of the market.

"We know it's not easy, but [member states and the Commission] must implement the single market as soon as possible and not find excuses for not doing it", said Mr Rodolphe de Looz Corswarem of Unice, the European employers' federation.

Mr Vanni d'Archirafi, 61, a former Italian diplomat, said he did not want to provoke a fight with member states. "I would prefer to have a positive response [to single market measures], even if it takes a little longer, rather than a split or a confrontation which would then be more difficult to solve," he said.

He added that the January 1 deadline for single market legislation was just the beginning of a "first phase" of the single market, which is supposed to be open to free movement of goods, services, capital and people. A number of important measures to liberalise and harmonise the EC market will not take effect until later in the decade, and in some important and sensitive areas – notably the energy, telecommunications and postal services sectors – legislation has yet to be approved by member states.

Mr Vanni d'Archirafi indicated yesterday he would adopt the same lenient approach to the central outstanding question of how to abolish all passport checks at internal EC frontiers.

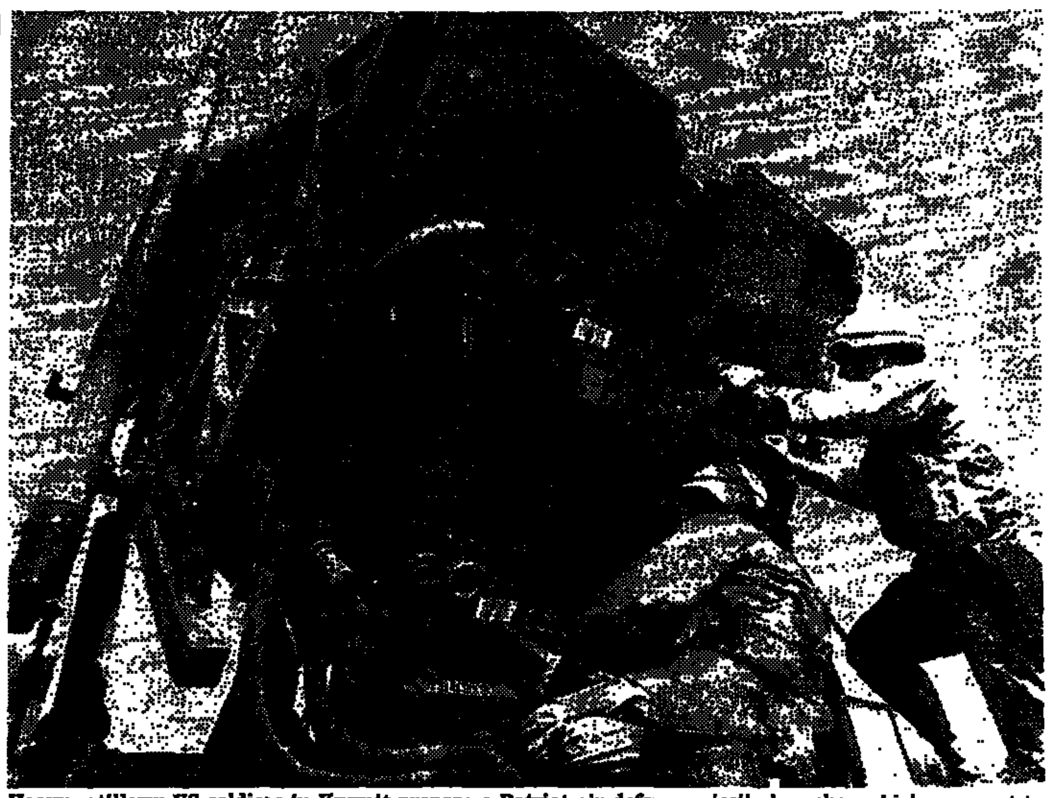
He reaffirmed the Commission's view that EC rules on free movement of people require the lifting of all internal controls on people and goods. That legal interpretation has put Brussels in conflict with three member states – Britain, Denmark and Ireland. They are likely to retain some form of passport checks even if other continental member states abolish their controls.

Most checks on land frontiers have already been lifted. Mr Vanni d'Archirafi said he hoped all checks on travellers within the EC would be lifted by December, but indicated that a bruising legal battle was unlikely even if states missed the deadline.

The commissioner's promise of leniency will be appreciated by a number of countries – not least Italy itself – which are struggling with implementation of new legislation, in particular the complex new rules on the monitoring and collection of value added tax. The Commission urged national authorities before Christmas not to punish companies which accidentally broke the new VAT and excise rules.

However, individual companies and citizens could still take governments to court if they believe sluggish implementation is preventing them taking advantage of the single market.

Observer, Page 11



Heavy artillery: US soldiers in Kuwait prepare a Patriot air defence missile launcher which was sent to the emirate to help protect it from any Iraqi attack

US fires on Iraqi radar, Page 12

British Airways apologises again to Virgin and seeks peace deal

By Paul Betts and Michael Cassell in London

BRITISH AIRWAYS last night offered a second, abject apology to Virgin Atlantic for its "dirty tricks" campaign against the rival UK airline. After a nine-hour board meeting Lord King, chairman, renewed BA's efforts to strike a peace deal and to restore its international standing.

But Mr Richard Branson, Virgin's chairman, said he remained unsatisfied with BA's efforts to draw the "dirty tricks" saga to a swift close. But he is to postpone by one week a decision on whether or not to pursue his dispute with BA through the courts.

BA separately announced yesterday that it had agreed to pay an initial $300m for 19.9 per cent of voting interests in USAir, the sixth largest US carrier.

Lord King was joined in BA's damage limitation exercise by Sir Colin Marshall, chief executive and deputy chairman, who said everybody in the company "had been touched" by the affair.

Sir Colin said there would be no boardroom resignations but BA had already set up a committee of non-executive directors to introduce a code of conduct to be implemented throughout the business. "The code has already gone out to all managers," Sir Colin said. The board had asked the company's executive management to examine "specific areas

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ICI and BASF swap polypropylene and acrylics businesses

By Paul Abrahams in London and Chris Tighe in Newcastle

THE restructuring of Europe's petrochemicals industry continued yesterday as Imperial Chemical Industries, the UK's largest manufacturer, and BASF, the German chemicals giant, swapped their European polypropylene and acrylics businesses.

The move follows last year's strategic alliance which gave Himont of Italy, Europe's largest supplier, and Shell, the Anglo-Dutch group, about 30 per cent of the European polypropylene market.

BASF is acquiring ICI's polypropylene business with annual sales of £135m ($208m). In exchange, the German group is to sell ICI its £60m-turnover acrylics operations in continental Europe. ICI also stands to receive between £20m and £30m in cash from BASF. ICI's shares closed up 26p at £11.23.

The deals allow ICI to exit from its lossmaking European polypropylene business. The group controlled only 5 per cent of the European market, which has been suffering from overcapacity and falling prices.

BASF gains two polypropylene plants, one in Wilton on Teesside, north-east England, the other at Rozenburg in the Netherlands, with a combined annual capacity of 300,000 tonnes. It becomes Europe's second largest polypropylene supplier with a capacity of 600,000 tonnes a year. About 530 ICI employees will transfer to BASF upon completion.

The UK group acquires three acrylic derivatives plants, two at Mainz in Germany and one at Barcelona in Spain. The company is building up its acrylics operations. Last year it swapped its fibres business for Du Pont's US acrylics plants.

ICI said the BASF swap, which is due to be completed by the middle of this year, requires clearance from UK, Spanish, German and possibly Dutch competition authorities. The company said the deals would not affect affect US regulatory clearance for the Du Pont acquisition, which is still outstanding.

News of the BASF deal was received with unease by Mr John Newbold, Teesside district secretary of the Transport and General Workers Union, the dominant union at ICI's plants on Teesside, including the polypropylene assets being transferred.

The only "saving grace", he said, was that the deal had been struck with BASF, whose performance at the former Monsanto plant it now owns at Seal Sands, Teesside, has impressed the union.

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Details, Page 18

Nippon Steel to buy stake in chip maker

By Robert Thomson in Tokyo

NIPPON STEEL, the world's largest steelmaker, is close to acquiring a 60 per cent stake in NMB Semiconductor, an ailing Japanese electronics company.

The deal, which is estimated to be worth Y30bn ($242m), highlights the extensive restructuring now under way within Japan's manufacturing industry.

The steel company confirmed negotiations with Minebea, the world's leading maker of miniature bearings, which founded NMBS in 1984 and still holds 60 per cent. NMBS is listed on *Tokyo's over-the-counter market.*

The Japan Securities Dealers' Association yesterday suggested that it will investigate recent trading patterns in NMBS shares, which have risen from Y425,000 to Y958,000 since December 22, on volumes 40 times larger than in early December. Trading in the shares was suspended yesterday.

NMBS makes memory chips, which have fallen sharply in *price over the past two years in* an increasingly competitive international market. It reported a loss of Y12.4bn in the year to September 30 and forecast a loss of Y4bn this year.

Minebea has transferred

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Single market beacon starts to flicker

By Our Foreign Staff

NO ONE expected that the New Year beacons lit to launch the EC's single market would herald a completely smooth transition to a barrier-free Europe.

But yesterday's news from Brussels that enforcement of single market legislation will for the moment be lenient indicates that the start-up could be more problematic than many hoped.

The most vigorous response to the statement by Mr Raniero Vanni d'Archirafi, internal market commissioner, came yesterday from British industry. In Europe's biggest economy, by contrast, the Federation of German Industry (BDI) reacted with equanimity. It called the announcement a rational response to individual countries' delays in implementing legislation.

Germany had still to implement 20 per cent of single market legislation and Italy more than 30 per cent, said Mr Reiner Franz, head of the BDI's European policy division.

A special working party set up to monitor any difficulties encountered by German business had received "very few" complaints. These mostly concerned complications over turnover tax, Mr Franz added.

Officials at the Germany's motor manufacturers' association said all was running smoothly. "It is not as though the single market fell suddenly from the sky," one said.

British industry was less sanguine. "We take a very strong view about the need for uniform enforcement so that all countries play squarely by the rules," said the Confederation of British Industry. The CBI is concerned about what it calls a "mess" in introducing a uniform EC-wide system for collecting value added tax.

Ms Anne Robinson, head of the policy unit at Britain's free-market Institute of Directors, said of the EC Commission: "Their job is to make sure that there is free access to goods and services in the single market. They shouldn't be turning a blind eye."

ICI, the British chemical company, adopted a less tough stance, saying of single market infractions: "There are bound to be companies outside the UK which haven't got their act together."

Small business could, on the other hand, suffer from lack of enforcement. Ms Lindsay Wittenberg, a European business consultant based in Hove on the Sussex coast, said yesterday's statement "diminishes the seriousness of the whole thing. What does it do for the image of the Commission if they say it doesn't really matter what companies are doing?"

UK companies habitually point to Italy as failing to live up to single market rules. However, Italian companies and government officials said yesterday it was far too early to monitor effectively the workings of the single market.

Companies say the main problems have arisen over confusion in government departments, especially those dealing with customs and VAT. Officials admit to confusion and say the difficulties have been caused by the large number of ministerial orders which need to be sent round departments explaining government decrees.

In many instances these orders have either not yet been circulated or they have yet to be formulated. As a result bureaucrats lower down have tended to operate by existing regulations.

Dutch road hauliers, who carry more than 20 per cent of cross-border road cargo traffic in the EC, have so far reported few problems at EC borders. "We are cautiously optimistic that the internal market has got off to a good start," according to Mr Erik Runia, secretary for international affairs at the Royal Dutch Road Haulage Association (KNV) in The Hague.

Reports by David Marsh in London, Christopher Parkes in Frankfurt, Robert Graham in Rome and Ronald van de Krol in Amsterdam.

Bonn warned of solidarity pact's flaws

By Judy Dempsey in Berlin

THE proposed solidarity pact between the government, opposition, Länder and trade unions, will be insufficient to pull the east German economy out of stagnation, according to German economists.

Eastern Germany will remain a burden on central government unless the Bundesbank cuts interest rates, the unions stop insisting on wage parity between the east and west Länders, and subsidies are extended to industries not yet privatised, according to Berlin's authoritative economics research institute, DIW.

"We cannot even begin to talk about eastern Germany catching up if these three elements are not included in a solidarity pact," said Mr Heiner Flassbeck, one of the chief economists at DIW.

The warnings coincide with forecasts by both the DIW and IWH, the economics research institute in Halle, showing how the gap between revenue and expenditure in east Germany is expected to widen to 29 per cent, an increase of 13 per cent compared to 1992. According to the DIW forecast, revenue is estimated to total DM312.5bn ($195.5bn) , an increase of DM16.60bn on last year, while expenditure will rise to DM341bn, an increase of DM29.4bn.

Figures for gross domestic product is expected to decline by nearly 1 per cent to 3.5 per cent this year. However, this figure does not reflect real growth when set against the sharp drop in GDP which fell by 31.4 per cent in 1991. The IWH estimates that unemployment is likely to settle at 18 per cent of the total labour force, although it is already as high as 40 per cent in some regions.

Growth forecasts may, however, be revised downwards since the recession in west Germany could force its medium-sized companies to reconsider current investment plans for the east.

As a first step towards attracting investment from the western to the eastern Länder, Mr Flassbeck says interest rates must be lowered, otherwise, "we could see a stagnation of investment in eastern Germany. The eastern Länder would require an annual investment rate of DM120bn a year . . . only then can we talk about the region catching up." Current annual western German private investment in the eastern Länder totals DM20bn – a fifth of west Germany's annual private investment.

Apart from lower interest rates, both institutes agree that the trade unions must decide between "jobs and income". Economists reckon that labour costs in east Germany are 80 per cent higher than in west Germany if productivity and wage levels are taken into account.

Franco-German co-operation 30 years on

French President François Mitterrand (top left) and German President Richard von Weizsäcker standing for their national anthems in Bonn yesterday to mark the 30th anniversary of the French and German co-operation treaty.

At a later ceremony, German Chancellor Helmut Kohl said that the treaty had been "an expression of the wishes of both our people to open a new chapter in our relations. This friendship has become our common destiny over the years."

Mitterrand remarked that the two countries had long had considerable importance in the world and said that this importance would grow if their common dreams of European union were realized.

● French President Charles de Gaulle (bottom right) and West German Chancellor Konrad Adenauer signing the pact on January 22 1963 at the Elysée palace in Paris.

The main provisions of the treaty, which, according to its preamble, was designed to put "an end to a centuries-old rivalry," provided for co-operation on a broad range of policy, notably on foreign affairs and defence.

After the ceremony, De Gaulle said that the pact's importance was "not only because it turns the page after so long and so bloody a history of struggles and battles, but also because it opens wide the gates of a new future for France, Germany, Europe, and, in consequence, the whole world."

Adenauer responded: "You have expressed the feelings of all those who...have shared in this work in such a perfect manner. I have nothing to add. Each of your words corresponds to our hopes."

The two men then embraced.

Nato blessing for the Euro-corps

By David Buchan in Paris

FRANCE and Germany yesterday signed an agreement with Nato on how their planned "Euro-corps" of some 35,000 soldiers could operate within the North Atlantic alliance, and invited other European countries to join the force.

This was the most concrete achievement of a day set aside by Paris and Bonn to celebrate the 30th anniversary of the Franco-German treaty, which since the era of De Gaulle and Adenauer has generated a series of advances in European integration.

President François Mitterrand flew to Bonn to join Chancellor Helmut Kohl in lauding Franco-German ties as a model relationship between countries. But at the ceremony in Bonn's new national art gallery, the German leader warned that western Europe could still not consider itself safe from the evils of nationalism.

"The ghost of nationalism is not just at home in the Balkans," said Mr Kohl. With Germany in particular plagued by a racist backlash against immigration, there was still a danger of "a relapse into intolerance and chauvinism", he added.

A joint statement by Mr Pierre Joxe and Mr Volker Rühe, defence ministers of France and Germany respectively, invited "our partners in Europe to participate in the [army] corps, because France and Germany do not consider their co-operation as exclusive".

The Euro-corps, which is to be formed out of the nucleus of the current Franco-German brigade and based in Strasbourg by 1995, initially worried Washington, because it appeared to rival Nato commitments.

Yesterday's accord, signed between General John Shalikashvili, the top Nato and US commander in Europe, and the German and French chiefs of staff, allows Nato to call on the Euro-corps in time of crisis.

But, at French insistence, Nato commanders must deploy the Euro-corps as a unit and not split it up. With a link to Nato now established, the Euro-corps may now attract wider participation. Belgium, Spain and Luxembourg have expressed interest in joining it.

The most spectacular example of recent Franco-German co-operation has come in the form of Bundesbank support for the French franc, when it was under speculative attack.

Mr Kohl reaffirmed backing for France's fight to keep the franc's parity with the D-Mark: "We will not let artificial turbulences shake the achievements of a policy that has been crowned with success."

Daimler-Benz chief urges policy rethink

By Quentin Peel in Bonn

AN URGENT appeal was yesterday issued by Mr Edzard Reuter, the head of Daimler-Benz, Germany's largest industrial group, for business leaders and politicians to give the country a new sense of direction, writes Quentin Peel.

He said the country was facing both an economic and a psychological crisis with unification, which required a complete rethink and reorientation of German society.

However, he warned that far too many leaders of business, trade unions and politicians were burying their heads in the sand.

In a full-page article in Die Zeit, the weekly newspaper, Mr Reuter said that the country must become dedicated to both integration and innovation, and put far more emphasis on original research and development.

He warned that transfers to support and restructure the east of the country would cost between DM150bn ($94.3bn) and DM200bn a year for many years to come – at least 10 per cent of the total public sector budgets in the west.

"This cannot under any circumstances be financed by increased borrowing, without unleashing an illegal flood of monetary depreciation," he warned. "State indebtedness in the future must be strictly limited to investments, dedicated to the development of the country.

"This means there is nothing more to be shared out for a long time ahead. Even if many of us have still not grasped it, just as re-unification was a lucky gift from history, so undeniably it is also making us economically poorer," Mr Reuter said.

Although tax increases to finance those flows would be inevitable, it was precisely the wrong moment to burden the business sector with new taxes, he warned.

World Bank may relax rules for Russia

By John Lloyd in Moscow

THE World Bank is about to change one of its fundamental regulations governing its lending policies in an attempt to raise the desperately low level of investment in the former communist states, especially Russia.

The Bank's board, which met last week, is now leaning towards waiving its "negative pledge" rule for the financing of projects in the former communist and a few other states. The rule, binding on the states which join the Bank and participate in a Bank programme, lays down that the state, or state enterprises, cannot give equal or more favourable terms to other investors than they have to the Bank.

This means, in practice, that a state cannot pledge the future income from a project, such as an oil well, to other banks where such a pledge has already been given to the Bank. It has inhibited other lending agencies, especially the European Bank for Reconstruction and Development, from advancing credits particularly in the energy sector where much of its lending is concentrated.

Mr Sergei Konichev, chairman of the Russian Development and Project Finance Bank, said this was "a very important and positive policy step" in relations between foreign banks and Russian companies. "Nothing much has happened in the field of investment in Russia for the past three years, and this could help a lot," he said.

Mr Anthony Toft, a World Bank official, said they were still working out the details of how to modify the policy. "There are many factors to be considered when banks or companies are considering making investment in the former Soviet Union – but the people there themselves think that they need to be able to offer some sort of security now or investment will not come, even if everything else was thought to be right."

The Bank's policy has been put to the test most of all in the former communist states – defined as "economies in transition" – because almost all enterprises are effectively state owned, and thus all are covered by negative pledge. In the case of poorer countries, such as in Africa, the negative pledge rule is not applied.

However, the Bank is determined to retain the rule in the case of existing assets – applying a waiver only where investment can be shown to produce a new or increased stream of income from which repayments could be made. Because of the scale of the Bank's operations and borrowing needs, negative pledge has been required to reassure its creditors of the ability of its debtors to repay large loans.

"What we're trying to do here is to avoid becoming the gatekeeper for investment into Russia," said Mr Toft. "We want to work out a system which will allow a category of project to automatically qualify for our waiver so that investment can be stimulated."

NEWS IN BRIEF

Euro-MPs call for oil tanker controls

THE European parliament yesterday called for tighter controls on oil tankers operating in EC waters in the wake of the Braer disaster in the Shetlands, writes Lionel Barber in Strasbourg.

MEPs criticised member states and the Commission for failing to crack down on rogue tankers operating with inadequately trained crews, but praised the Commission's Ecu700,000 ($861,000) aid for Shetland's stricken farmers and fishermen.

The parliament urged tougher safety measures, including banning oil tankers more than 15 years old from EC ports, setting a date for banning oil tankers without a double hull from EC waters, obligatory pilot guidance when tankers pass near the coast and inspections of ships in EC ports.

Chemical markets 'dead'

Germany's chemicals industry is facing its worst year since the last recession in 1982, according to Mr Wolfgang Hilger, president of the Verband der Chemischen Industrie manufacturers' association, writes Christopher Parkes in Frankfurt.

Falling prices, rising costs and flat output are expected to reduce profits further in 1993, added Mr Manfred Schneider, chairman of Bayer. He expected a further slight drop in prices, while other factors would remain unchanged. Although industry sales fell only 1.6 per cent to DM171bn ($107.5bn) last year, profits dropped 30 per cent following falls of 25 per cent in 1991 and 20 per cent in 1990. Mr Hilger, who is also chairman of Hoechst, said markets were "dead" and the decline could cost 20,000 jobs in the west this year.

Czechs buy up foreign currency

Foreign currency reserves of the Czech central bank fell from $847m to $482m in the three weeks since the separation from Slovakia, writes Patrick Blum from Prague. The drain on central bank reserves reflects a strong demand for foreign currency from commercial banks in response to the demand for hard currency from individuals and companies nervous about the expected split into Czech and Slovak crowns.

The decline in central bank reserves has not led to an outflow of reserves from the banking system as a whole. The Slovak central bank has reported similar decline in foreign currency reserves with many Slovak citizens buying hard currency believing the Slovak crown will be devalued once the split, originally scheduled for mid-year but now expected sooner, takes place.

Swedish inflation at record low

Swedish inflation fell to 1.9 per cent in December, the lowest annual increase since 1959, Reuter reports from Stockholm. Economists said the effective 20 per cent devaluation of the Swedish krona since November 19, making imports dearer, had not yet worked through to the consumer price index.

Finnish unemployment rises

Finnish unemployment rose to a record 18.6 per cent last month, underlining the severity of the recession, writes Christopher Brown-Humes from Stockholm. The figure compares with 16.9 per cent for November, according to the Labour Ministry. The figures will give new urgency to talks between government and opposition on measures to stimulate the economy.

Car makers lower EC sale target

By Kevin Done, Motor Industry Correspondent

EUROPEAN car makers are lowering their forecasts for new car sales in west Europe because of the prospect of declining economic growth in the European Community.

EC sales of new cars and light commercial vehicles (up to 5 tonnes gross vehicle weight) are forecast to fall by 7.5 per cent this year to 12.84m from 13.9m in 1992, according to the European Automobile Manufacturers' Association. The German vehicle market is expected to suffer one of the sharpest declines, with a fall in sales of around 10 per cent.

● EC governments should offer subsidies and tax incentives to stimulate sales of electric cars, according to a report by members of the European Parliament.

The report calls for action to encourage a switch to "cleaner" cars in order to ease the burden placed by exhaust emissions on towns and cities.

The report claims that an achievable target for the use of electric cars in towns is 7 per cent of total vehicle volume by 2002. Studies show that 80 per cent of car journeys cover fewer than seven miles, says the report. Most electric cars would have a range of between 70 and 140 miles before batteries needed recharging.

The Dutch government announced last week that it would give companies tax incentives to encourage them to buy electric vehicles.

Banks head Belgium's sell-off list

BELGIUM may begin a series of state asset sales this year by selling two public credit institutions and several industrial assets to raise Bfr25bn ($751m) a finance ministry official said, Reuter reports from Brussels.

The two public banks are the country's biggest savings bank, ASLK-CGER, and the industrial credit bank, NMKN-SNCI.

"These are the assets that are under consideration," the official said, quoting the finance minister, Mr Philippe Maystadt. He said Mr Maystadt received a list of companies for possible privatisation in 1993 from the Maldague Commission, an advisory body on the sell-off.

The government also plans to sell a stake in mortgage company, OCCH-CBHK. The industrial assets for sale are stakes held by the state holding company, SNI-NIM, in the natural gas company, Distrigaz, the holding company, Nationale Portfeuillemaatschapij, the National Pipeline Company, and the Société Publique d'Electricité.

The nuclear energy company, Belgonucleaire, is also on the list.

The centre-left government of the prime minister, Mr Jean-Luc Dehaene, intends to use the sale of state assets to cut the huge budget deficit.

The Finance Ministry later said that the Maldague Commission has not yet set minimum prices for the assets. State companies to be sold after 1993 are yet to be studied by the commission, it added.

Hungary torn between gentleman and the jackboot

The ruling party is facing a far-right challenge, write **Nicholas Denton** in Budapest and **Anthony Robinson** in London

HUNGARY'S political stability and that of much of central Europe could hinge on the outcome of the congress of the ruling Hungarian Democratic Forum which begins today in Budapest. Three years after Mr Jozsef Antall led his party to victory at Hungary's first free elections, the moderate prime minister faces a struggle for the soul of the party against right-wing nationalists led by Mr Istvan Csurka.

The ultra nationalist writer is seeking to swing the forum away from the moderate conservatism, which has attracted foreign investors, towards a more assertive nationalism tinged with xenophobia and anti-semitism. He hopes to capitalise on voter dissatisfaction with the results of economic reform to date, popular demands for the punishment of former ruling communists and nervousness about rising anti-Hungarian sentiment in neighbouring states where more than 3m ethnic Hungarians live.

The latest opinion polls show that the forum, which gained around 25 per cent of the vote but 43 per cent of the parliamentary seats in the 1990 elections, is now supported by only 8 per cent of the electorate.

Mr Antall is expected to argue that the party must strengthen its appeal as a party of the centre if it is to retain its position at the heart of Hungarian politics and keep Hungary an island of tranquillity in an increasingly volatile region. That means winning back voters nostalgic for the lost security of the communist years, competing with the youthful Fidesz party for the younger vote, and convincing waverers that the liberal economic reforms, and open-door policy for foreign investment, are the only ways to ensure a return to the stable growth which will raise incomes and reduce unemployment from present politically dangerous levels.

For months Mr Csurka has been waging his campaign for a radical right-wing shift in the forum's policies through an unremitting barrage of essays and pamphlets.

The most famous was a fiercely nationalist, anti-semitic diatribe thrown into the still pond of the August summer holidays. He called on the HDF, and Hungarians at large, to resist a conspiracy of Jews, communists, liberals, journalists and bankers who threatened Hungary's identity. He also re-awakened the debate over the future of the 3m ethnic Hungarians who now live outside the boundaries drawn by the 1920 Treaty of Trianon which deprived Hungary of two-thirds of its former territory. He provided ammunition to anti-Hungarian nationalists in neighbouring states by referring to Hungary's *Lebensraum*, a term coined by the Nazis for territorial expansion. To crown it all, he urged Mr Antall, who is ill with cancer, to resign.

Most recently Mr Csurka has turned his guns on the western companies which have invested more than $4bn in Hungary over the last three years, more than in any other east European country. One bizarre allegation gives a flavour.

Westerners, through their agents in the press, had inspired the recent outbreak of pig-plague so they could snap up Hungarian meat processors cheaply, he alleged.

The nationalist writer's eccentric rhetoric, far from condemning him to the margins of politics, has strengthened his position.

However, Mr Antall is unwilling to jeopardise the stability which he prizes so much by breaking with Mr Csurka, because this would split his party, cause the loss of its parliamentary majority, and open an electoral second front on the right of the forum in the 1994 elections.

Yet the prime minister is acutely sensitive about the damage to Hungary's international reputation caused by Mr Csurka's continued role in the governing party. Mr Antall's own background in the Hungarian gentry gives him little in common with Mr Csurka's crude populism. The prime minister's moderate supporters hope that their command of the party leadership and control of the agenda will allow them to head off any challenge from the floor.

The far right plans to strengthen its influence by making gains at the expense of moderates in the policy-making 20-man party praesidium. But Mr Antall yesterday threatened to resign if the the praesidium elections did not confirm his moderate line. The main question for Mr Antall and his supporters is not so much how to prevent Mr Csurka's supporters either taking over the party or leaving it, but how many policy concessions the prime minister will have to make to keep the party together until the elections.

Pessimists fear that the governments pre-congress purge of alleged liberals from the state-owned radio and TV, one of the Csurka nationalists main demands, could well be a harbinger of things to come. But Mr Antall is expected to survive as party leader and prime minister of a country which is well aware that a hardening of nationalist rhetoric in support of ethnic Hungarians across the present frontiers could bring Balkan-style tensions to the borders of western Europe and dash hopes of the prosperity which lies tantalisingly around the corner.

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BLAZING TANKER TRIGGERS POLLUTION ALERT

Malaysia may be hit by oil spill

By Kieran Cooke in Kuala Lumpur and Reuter in Singapore

A BLAZING supertanker fully laden with almost 2m barrels of crude started spilling oil into the sea off the northern tip of Sumatra yesterday triggering a regional anti-pollution alert.

Salvage experts were flying to the scene to check the extent of the spillage from the 255,312-tonne Danish owned Maersk Navigator, abandoned by its crew and still drifting after colliding with another tanker.

Fire-fighting vessels and tugboats were also on their way from Singapore amid indications that the spilled oil was being driven by winds towards the coast of Malaysia.

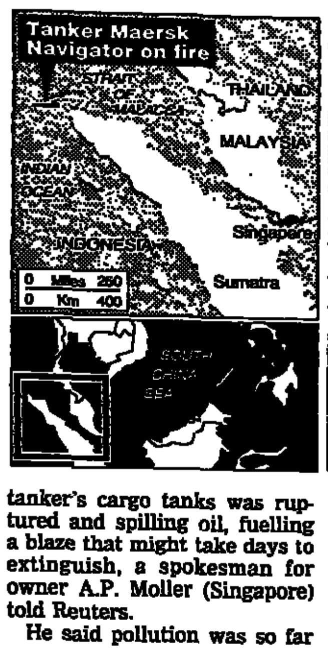
The supertanker was carrying about 1.9m barrels of crude from Oman to Japan.

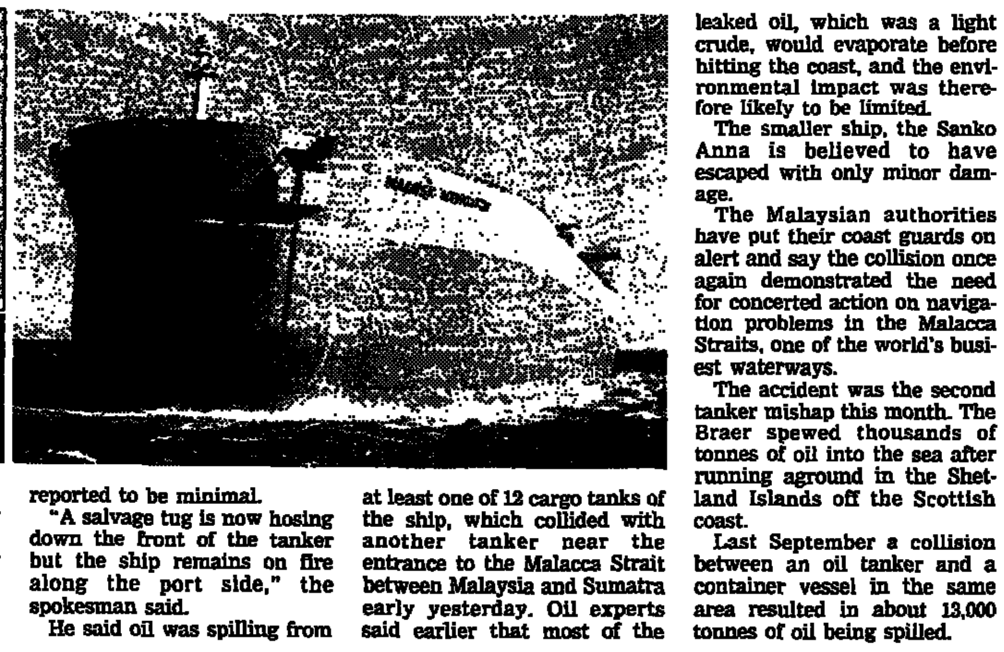
At least one of the supertanker's cargo tanks was ruptured and spilling oil, fuelling a blaze that might take days to extinguish, a spokesman for owner A.P. Moller (Singapore) told Reuters.

He said pollution was so far reported to be minimal.

"A salvage tug is now hosing down the front of the tanker but the ship remains on fire along the port side," the spokesman said.

He said oil was spilling from at least one of 12 cargo tanks of the ship, which collided with another tanker near the entrance to the Malacca Strait between Malaysia and Sumatra early yesterday. Oil experts said earlier that most of the leaked oil, which was a light crude, would evaporate before hitting the coast, and the environmental impact was therefore likely to be limited.





The smaller ship, the Sanko Anna is believed to have escaped with only minor damage.

The Malaysian authorities have put their coast guards on alert and say the collision once again demonstrated the need for concerted action on navigation problems in the Malacca Straits, one of the world's busiest waterways.

The accident was the second tanker mishap this month. The Braer spewed thousands of tonnes of oil into the sea after running aground in the Shetland Islands off the Scottish coast.

Last September a collision between an oil tanker and a container vessel in the same area resulted in about 13,000 tonnes of oil being spilled.

Khmer Rouge rejects accord

By Victor Mallet in Bangkok

KHMER ROUGE guerrillas yesterday rejected last-minute diplomatic efforts to persuade them to adhere to the Cambodian peace accords and take part in elections in May.

Mr Ali Alatas, the Indonesian foreign minister, who has been attempting to mediate a solution to the Cambodian conflict, said that he had failed in a bid to persuade Mr Khieu Samphan, the nominal Khmer Rouge leader, to co-operate with the UN peace-keeping operation.

After talks at the Indonesian embassy in Bangkok, Mr Alatas said he regretted that the Khmer Rouge leader had maintained his view that "his party could not rejoin the process and could not, as of now, participate in the elections."

Political parties must be registered for the polls by the end of this month.

The failure of yesterday's talks means that Cambodia will almost certainly be partitioned after the elections, with the future government controlling most of the country's territory and Khmer Rouge guerrillas holding the rest.

The United Nations and the four Cambodian factions which signed the peace agreements in Paris in 1991 will therefore have failed in their mission to bring peace and democracy to the whole of Cambodia.

One diplomat said he was concerned that the Cambodian peace accords would suffer the same fate as those for Afghanistan.

"Two years later, everyone is still fighting and they have 1m refugees," he said.

Mr Alatas said he hoped the Khmer Rouge would not actively obstruct the elections. "You can only hope," he said. "But they may very well obstruct."

He added that there was broad agreement among interested parties – except for the Khmer Rouge – that a presidential election should be held about two or three weeks before the general election.

The idea, which is not foreseen in the Paris accords, is to bring Prince Sihanouk to power as president. He could then be as a stabilising force while the newly-elected assembly negotiates a new constitution and takes control of the country from the UN, although some people fear that the prince will adopt dictatorial powers.

UN special envoy Chinmaya Gharekhan, in Jerusalem yesterday for talks with Palestinian leaders on the fate of those deported to Lebanon, is greeted by demonstrators protesting at the expulsions

Australian railways to sign agreement

By Kevin Brown in Sydney

AUSTRALIA'S railway unions are on the verge of signing a productivity agreement which will release about A$680m (£307m) in government funding for modernising rail services.

Mr Martin Ferguson, president of the Australian Council of Trade Unions, said the central elements of the deal were agreed with the National Railways Corporation (NRC) yesterday. The deal requires ratification by the Industrial Relations Commission, the national labour court, but it is expected to pave the way for the creation of an integrated national rail freight system.

Mr Vince Graham, NRC managing director, said "a few issues" remained unsettled, but he hoped the agreement would be completed by the end of this month. The deal will allow the NRC to take control of five separate rail freight systems run by state governments.

Mr Paul Keating, the Labor prime minister, earmarked A$680m for railway modernisation in his One Nation economic statement in February last year, which provided A$2.3bn to stimulate the sluggish economy. However, the funding was contingent on productivity and operating agreements between the unions, the NRC and the state governments which traditionally have resisted integration of the systems which have traditionally sought to maintain the independence of the state systems.

The project looked likely to collapse last year when some state governments tried to extract guarantees on the future of local services. Most disputes have been settled, however, and negotiations have been eased by a cut in the number of rail unions from 30 to two.

About 7,000 jobs are expected to be created mostly through projects such as standardisation of the 480 mile (775km) track between Melbourne and Adelaide and upgrading of terminals and trains.

Israeli debt rating upgraded by Standard and Poor's

By Hugh Carnegy in Jerusalem

STANDARD and Poor's, the international credit rating agency, has upgraded Israel's sovereign debt rating in response to what it views as an improved political outlook in the Middle East, progress in economic reforms and the granting of US loan guarantees to back $10bn (£6.45bn) in foreign borrowing.

The move comes as the government is preparing to approach international lenders for funds to be borrowed against the first tranche of the loan guarantees, to help it cover a projected $2bn current account deficit this year.

The guarantees have encouraged the government to plan a spate of infrastructural investment to help the economy cope with mass immigration from the former Soviet Union.

Standard and Poor's said it was upgrading Israel's long-term external debt to triple-B from its previous rating of triple-B minus, the lowest investment grade rating. Its short-term foreign currency rating was likewise raised to A-2 from A-3.

The upgrading puts Israel on a par with countries such as Turkey, Chile and China.

The disappearance of Soviet backing for Israel's Arab foes, the weakening of Iraq and the Middle East peace talks begun in late 1991 all diminished regional tensions, reduced instability and lessened the economic burden of defence, said Standard and Poor's.

The agency added that progress was still vulnerable to domestic and international upheaval.

Israel's ratio of external debt to GNP has shrunk dramatically in recent years to around 20 per cent.

However, it is set to rise again sharply, increasing the need for strong growth to cover new borrowing.

Standard and Poor's said the US loan guarantees and a trend of liberal economic reform should allow Israel to exploit "enormous long-term economic growth opportunities" presented by immigration.

Turkey rejects Syrian call for water agreement

By John Murray Brown in Ankara

TURKEY has rejected Syrian attempts to renegotiate a six-year-old protocol allocating water from the Euphrates, but sought to reassure Damascus about continued supplies across the common border.

At the end of two days of talks in the Syrian capital with Mr Suleyman Demirel, the Turkish prime minister, Syrian officials again urged Ankara to increase the 500 cubic metres a second it currently guarantees.

Syria claimed Turkey had made an undertaking when the then prime minister Turgut Ozal signed the water protocol in 1987 to seek a more permanent water agreement once Turkey's Ataturk dam is filled.

Syria relies on the river for up to 60 per cent of power generation and much of its farm production. The issue has come to a head as the Ataturk dam has neared completion and Turkey has outlined plans to start irrigating the Harran plain close to the Syrian border in May, diverting more water from the river.

Under Turkey's Gap project, 1.6m hectares is to be irrigated in the Euphrates and Tigris river valleys, a project which has been the major bone of contention between Turkey and its downstream neighbours, Syria and Iraq.

According to one Turkish newspaper, Mr Demirel promised to convene a foreign ministers meeting to settle the issue.

However, diplomats say Turkey is unlikely to concede Syrian demands and instead has offered a variety of joint development projects.

N African birth rate falls steeply

THE population explosion in North Africa is over, according to a leading French demographer, Prof Youssef Courbage, writes Edward Mortimer.

Birth rates in the region are falling rapidly, and European fears of a flood of Arab immigrants are wildly exaggerated, Mr Courbage told a conference in Brussels yesterday.

In fact, he added, the working-age population in Algeria, Morocco and Tunisia will level off in about 2005, when the number of job applicants will begin to decrease.

"Just as Europe's bulging baby-boom generation leaves working life for retirement, and will need to rely on a sufficient labour force – foreign workers in particular – to finance it, the Maghreb labour markets, where labour will be in short supply, will be hard-pressed to meet export demands."

Mr Courbage, a senior researcher at the Institut National d'Etudes Démographiques in Paris, was speaking at a workshop on Europe and the Mediterranean at the Centre for European Policy Studies.

The decrease in fertility in the Maghreb countries is acknowledged by the UN and the World Bank, he said, but those organisations had not yet taken the full measure of the decline.

The UN had significantly overestimated fertility in all three countries.

Japan's ruling party wins a royal respite

Charles Leadbeater finds all eyes are on the imperial wedding

THE ruling Liberal Democratic party in Japan has found a highly potent secret weapon to restore its popularity. This addition to its armoury is 164cm tall, 29 years old, speaks five languages, used to be a high flying diplomat and is about to become a Crown Princess.

The media and public fascination with Masako Owada, who this week was officially engaged to Prince Naruhito, the next Emperor, is unalloyed good news for Mr Kiichi Miyazawa, the hard-pressed prime minister.

It is not just that the royal wedding has taken minds off the Tokyo Sagawa Kyubin gangsters, money and politics scandal which dominated the news in the autumn. Japan's royal family still commands great deference as well as exciting gossip. From now until the wedding in June everyone will be on their best behaviour; no one will want to risk the shame of sullying the wedding preparations by putting political dirty linen on the line.

As the Japanese parliament reconvenes today, the government believes the worst may be over. It has survived an autumn of scandal when its popularity plummeted and a vicious power struggle threatened to split the party.

Last month Mr Miyazawa cleared the decks with a cabinet reshuffle which has restored order at the top of the party. The supplementary budget to revive the flagging economy was passed and the government has set up a task force to consider further measures.

The government has weathered the worst of the Sagawa scandal. It is unlikely there will be further significant revelations, the public appetite may be satisfied and Mr Noboru Takeshita, the former prime minister at the heart of the affair, has successfully resisted resignation.

The breakaway LDP faction led by Mr Tsutomu Hata, the former finance minister, will not split the party as once thought. It is burrowing its way into a comfortable position within the established hierarchy.

The refound stability at the top of the LDP is matched by a clear political timetable for the rest of the year.

In February and March, there will be bad economic news. Profits forecasts will be cut, wage talks will yield low rises and the stock market will remain vulnerable to a renewed collapse.

That will be the time for the government to unveil plans for another bumper package to stimulate the economy, with a mix of public works spending and tax cuts. Such a package is already being planned.

By May there will be a political truce to clear the way for the royal wedding which will consume the nation in early June. Then in early July Tokyo will want to present a calm, united front to the outside world when it hosts the G7 summit.

By the time people return from their August holidays the economy should be on the mend, paving the way for Mr Miyazawa to be re-elected in September for a second term as LDP president and prime minister. That should allow the LDP to set the seal on a successful year with a general election victory in the autumn.

At least that is the timetable which the LDP is hoping to keep to. It may not be that simple.

The LDP's authority rests upon its record for economic growth. That is facing its greatest challenge for 20 years from an intractable downturn, which could yet prompt the collapse of the fragile stock market. The economy is a long way from recovery; until then the LDP's popular support will be wobbly.

The uncertain international environment could throw up issues which the government will find difficult to resolve. The Clinton administration may take a tougher line over trade, according to comments on Tuesday by Mr Mickey Kantor, the new US trade representative, who said tariffs on minivan imports could rise sharply, there would be a row over the US-Japan semi-conductor agreement if the US share of the Japanese market did not reach 20 per cent and the controversial Super 301 trade sanctions may be reintroduced.

Japan's farmers know the rice market is almost certain to be opened to imports to help secure a Gatt deal. However they will want to extract the maximum political price for going along with the government's plans.

The LDP could also face a more effective opposition after Mr Makato Tanabe's resignation as chairman of the Social Democratic party. The new SDP leadership seems prepared to consider reform of the so-called peace constitution and the international role of Japan's self-defence forces in an effort to modernise the party's image.

Although the Sagawa scandal may have passed its peak, the shadow it has cast over the political system has not lifted. Mr Miyazawa's popularity is yet to recover.

If his ratings are still depressed in the autumn, the party will grow alarmed that he may damage its election chances. That could spark off a power struggle between at least four senior LDP figures to replace him.

After an awful autumn, Japan's political leadership has won a respite. But it may be short-lived and once the secret weapon of the royal marriage is launched into imperial orbit the earthly sense of political crisis may return.

Liberal Democratic party leaders yesterday signalled they stand ready to stimulate the economy with another public spending package early this spring if the economy is still in the doldrums, writes Charles Leadbeater.

A special LDP task force which is considering extra measures to boost the economy is likely to recommend further proposals aimed at stabilising the financial system which is beset by mounting bad debts.

Separately Mr Kabun Muto, head of the LDP's tax panel, added his weight to business leaders' recent calls for a temporary income tax cut of about Y6,000bn (£30bn) to be introduced in the summer.

The economy's weakness was underlined by the 0.5 per cent contraction in the money supply last year with December 1991, the fourth month of contraction, according to figures published by the Bank of Japan.

Japan's money supply expanded by just 0.6 per cent last year, compared with growth of 3.6 per cent in 1991.

Rao fails to put the militant Hindu tiger back in its cage

Stefan Wagstyl on the prime minister's inability to inspire opponents of Hindu extremism after destruction of the Ayodhya mosque

INDIAN Prime Minister P V Narasimha Rao has so far failed to defuse the tensions which have gripped his country since militant Hindus tore down a mosque and unleashed a wave of inter-religious violence.

In the six weeks since the destruction of the Ayodhya mosque, fighting in cities in northern India has exacerbated hatreds between Hindus and Moslems. In the past two weeks in Bombay, 600 people have been killed, more than 100,000 have fled the city, and hundreds of homes, shops and workshops have been razed.

An uneasy peace has been imposed by tens of thousands of police and soldiers, but this week tension still hangs in the air. Offices close early so workers can get home before dark.

Mr Rao has suppressed violence by deploying the security forces, but has largely proved unable to rally support for defending the ideals of religious harmony on which independent India was founded. Rather, the initiative has been seized by those who seek to profit from exacerbating the conflicts – chiefly the Bharatiya Janata party, the militant Hindu party whose supporters destroyed the Ayodhya mosque.

Mr L K Advani, the BJP leader, wants an immediate general election to capitalise on the passions he has aroused. Mr Bal Thackeray, leader of Shiv Sena, the BJP's Bombay affiliate, warns Moslems that "the Hindu tiger is out of its cage".

Many Hindus are appalled by such hate-filled talk and there has been no shortage of articulate condemnations of Hindu militancy.

The violence has also prompted acts of heroism – in the recent surge in violence in Bombay, numerous Hindus shielded Moslem neighbours. Among them was Sunil Gavaskar, the former national cricket captain, who ran out of his home to save Moslems from a Hindu mob which had surrounded their car.

Also, Indians recognise the economic damage being done by the violence and the uncertainty it generates. Bombay, the nation's commercial capital, will take months to recover, according to leading businessmen in the city.

Some believe confidence will return quickly now that law and order has been re-imposed, but others are not sure. Mr F T Khorakiwala, sheriff of Bombay and owner of a department store group, says: "If the communal discord escalates, Bombay will be worse than Beirut."

However, the government has failed to capitalise on anti-militant sentiment. Mr Rao says that he will act when the time his ripe. He claims the wide-ranging ministerial reshuffle he completed this week will help strengthen the government. The prime minister's critics, including members of the ruling Congress (I) party, say he has already left it too late to respond to the threat to the nation's stability.

The prime minister himself has contributed to the sense that the government is drifting. Mr Rao is no orator, able to appeal to the population through speeches or television appearances. Nor has he been able to rally his cabinet around an agreed programme.

The one politically brave promise that he made – to rebuild the Ayodhya mosque – seems to have been quietly shelved after it ran into considerable criticism inside the Congress party.

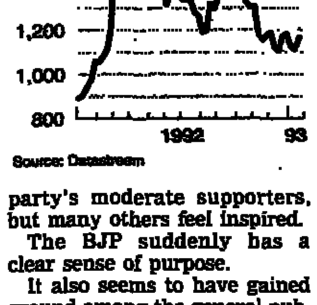
But the prime minister's innate caution does not alone explain the government's inaction. India faces a fundamental challenge which, in the last six weeks, has grown bigger by the day. Like it or not, the BJP commands strong support in northern India, the region with the greatest Hindu-Moslem tensions.

The mosque's destruction certainly alienated some of the party's moderate supporters, but many others feel inspired.

The BJP suddenly has a clear sense of purpose.

It also seems to have gained ground among the general public: according to one opinion poll, if a general election were held, the BJP's representation in parliament would soar from 119 to 170. Not enough to win power, but enough to vindicate (in narrow political terms) the mosque's destruction.

India



Source: Datastream

Another indication of the quiet sympathy many Hindus have for Hindu nationalism is widespread public indifference towards a blatant pro-Hindu and anti-Moslem bias shown by the mainly Hindu police in dealing with the riots.

Congress's failure to mount a strong challenge to the BJP is partly ideological.

The party, which has ruled India for most of the post-independence period, advocates secular nationalism in which all races and creeds are treated equally.

This vision, which had great appeal after independence, has been dulled by time and by the constant jockeying for power by various religious and regional interests.

Moreover, over the past decade, Hindus have been unsettled by the international rise in Islamic extremism.

The momentum generated by the BJP is not unstoppable. It has little support in south India, where few Moslems live, or in the east, where the left holds sway in West Bengal.

The liberal intelligentsia sees the dangers of the BJP and is not afraid, in newspaper articles, to sound the alarm, even by drawing parallels with Germany and the Nazis.

Moreover, it may prove difficult for the BJP to hold together the forces of Hindu nationalism for a long time – since Hindus are divided by caste and language. If memories of Ayodhya fade, BJP unity may fade too.

However, outside the educated elite, the opponents of militant Hinduism are increasingly afraid to speak out.

They also need inspiration – something Mr Rao has so far failed to provide.

Clinton basks in warm praise

Jurek Martin reports on real enthusiasm for the inauguration, the speech, poetry and even the sax

THERE WAS only one unanswered question early on Wednesday evening. Would Bill Clinton play his sax at an inaugural ball? Bryant Gumbel, the host of NBC's Today programme, half hoped he would not, but he was pretty much alone.

The 42nd President of the United States disappointed only Mr Gumbel. He played it at the Arkansas Ball, at the MTV rock n'roll ball, and perhaps at others because he went to 11 of them and got to bed well after two in the morning. He played Yo' Mama Don't Dance and other classics and if he was once a bit off-key, he mostly made his horn wail like there was no tomorrow.

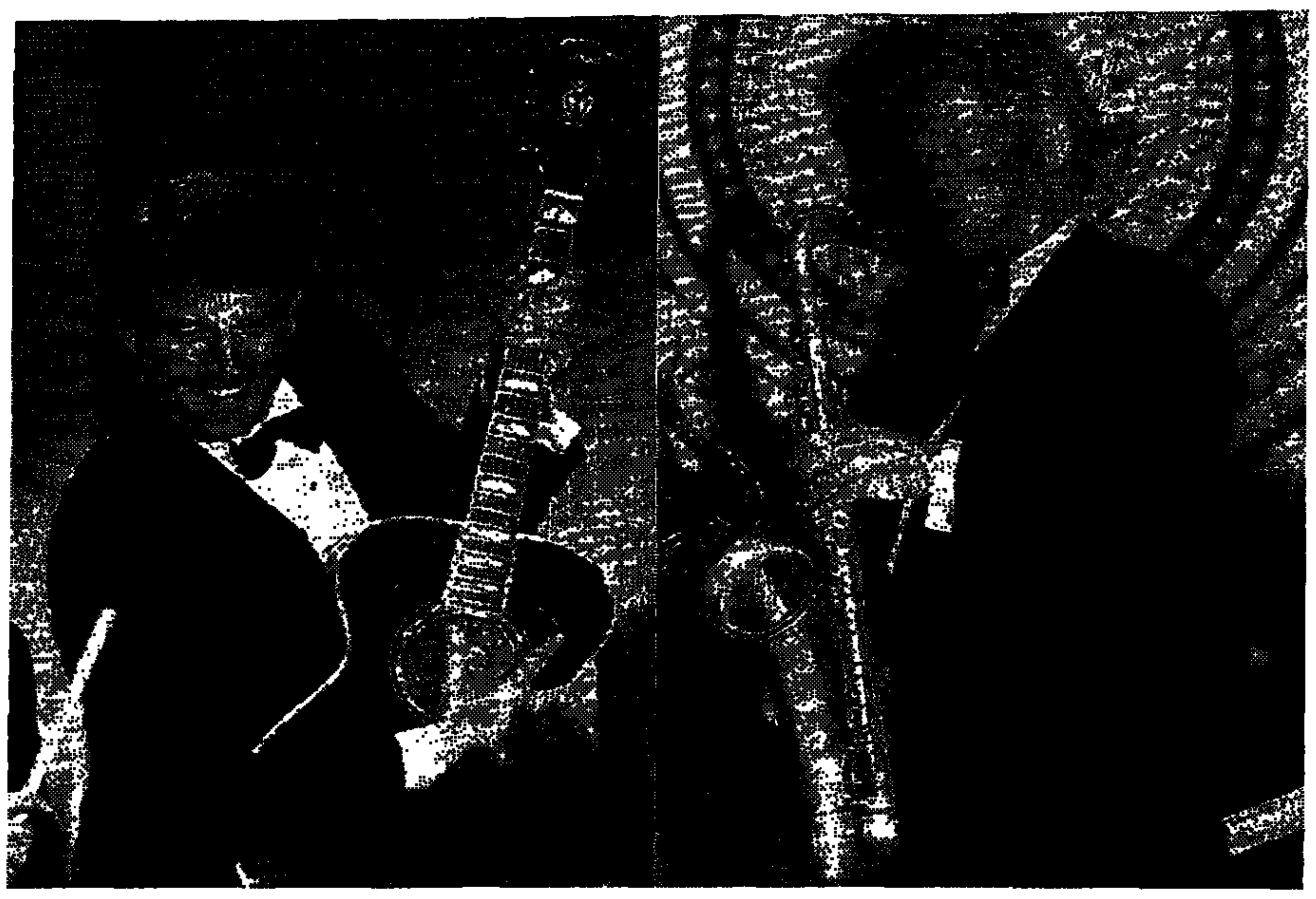
But it was not only for his music that Mr Clinton got good reviews yesterday. After a difficult last two weeks of the transition into office he was able to bask in some pretty warm compliments about his own performance on his inauguration day and the clear messages he had imparted about the direction of his presidency.

Mr Hendrik Hertzberg, editor of the New Yorker magazine, commented that he seemed "at ease" as president. Mr William Safire, the acerbic and generally conservative New York Times columnist, gave his address a B-plus grade, with good marks for its theme, its use of the seasons as a metaphor, its historical resonance and its brevity.

From its right-wing editorial pulpit the Wall Street Journal was impressed that Mr Clinton had made so much of the importance of both civic and personal responsibility. The more liberal Washington Post concurred.

Even the New York Times, withering in its condemnation of some of Mr Clinton's cabinet choices and still yesterday suspicious of his self-righteousness, headlined its first leader A Dawn Of Promise, and strongly approved his condemnation of Washington as "a place of intrigue and calculation."

The fact that Mr Clinton spoke for only 14 minutes, shorter than all inaugural addresses except Washington's and Lincoln's, indicated, in the opinion of just about every pundit, a welcome discipline in a man previously inclined to rattle on forever.



Vice-President Al Gore (left) mimics playing the guitar at the Tennessee Ball in the early hours of yesterday morning while President Bill Clinton does the real thing on saxophone at the New York and District of Columbia Ball on inauguration night

The deans of television commentary mostly liked it. Mr John Chancellor, the soon-to-retire NBC veteran, called it "a fine address and blessedly short", while Mr David Brinkley of ABC thought it was "effective". Mr Dan Rather, the often agitated CBS anchorman, huffed that "it didn't have a lot of poetry".

There were conflicting views as to its best line, though the one most often advanced was the sentence: "There is nothing wrong with America that cannot be cured by what is right with America."

Mr Mark Shields, a Democratic consultant and commentator, noted with satisfaction that Mr Clinton had eschewed bureaucratese in his speech. There was no mention of "entrepreneurial capitalism" or "infrastructure", terms with normally spill out of Mr Clinton's mouth with abandon.

Mr David Gergen, the notionally conservative foil to Mr Shields on one of the TV news programmes, was struck by the consistency between Mr Clinton's address and his campaign themes. Admittedly, Mr Clinton did not talk much of "sacrifice" last year, as he did on Wednesday, but he was otherwise true to the arguments that helped make him president.

Typical of this was his call to the young to engage in community service, a Kennedyesque theme if ever there was one. Mr David Broder, of the Washington Post, agreed that it was time that "the biggest and in some respects the most coddled generation in American history" take control.

There was also an inclination to forgive the apparent slowness in forming a new administration. Mr R W Apple wrote in the New York Times that such problems "may prove to be transitory, the product of inexperience".

The Washington Post generously re-ran some of its old stories at similar stages in the Carter, Reagan and Bush administrations, all critical of their dilatoriness.

There is, of course, a secular bipartisanship to every inauguration day which allows temporary suspension of many critical faculties. This did not quite extend to the poetic community, which was divided on the merits of Maya Angelou's poem, On The Pulse Of Morning, composed at Mr Clinton's request for the occasion.

However, this was a nearly novel occasion for poets, unaccustomed to the inaugural limelight since JFK similarly commissioned Robert Frost 32 years ago.

But even the most hardened cynic could not deny that the inauguration was greeted with much spontaneous enthusiasm by huge crowds and that Mr Clinton himself seemed right for the occasion.

That extended to his being the first president to blow the sax on his great day.

Emphasis by Tyson on family poverty

By Michael Prowse in Washington

THERE were disturbing signs of an erosion of US competitiveness that had "potentially devastating" consequences for ordinary American families, Ms Laura D'Andrea Tyson, President Bill Clinton's choice for the chair of the Council of Economic Advisers, told a Senate confirmation hearing yesterday.

Gross domestic product per capita had grown more slowly in the US in recent years than in any other advanced market economy, she said. The US had also suffered "a decade of worsening inequality.

"Since 1980, the proportion of full-time workers with annual incomes below the poverty rate for a family of four had increased from 12 per cent to nearly 20 per cent."

Ms Tyson's emphasis on weaknesses in US economic performance contrasted sharply with up-beat remarks last week by her predecesor, Mr Michael Boskin, chief economist in the Bush administration. In his final report, he sought to demolish claims that the US was declining economically, relative to other industrial nations.

Ms Tyson said she expected the CEA to be "an integral part of President Clinton's economic team". She responded vigorously to criticism of her nomination from some prominent US economists.

As an academic, she had "chosen to study the real-world determinants of national economic competitiveness rather than abstract mathematical models." She would bring to the council "an informed and intuitive sense of how economic policy actually affects people's lives."

On free trade, she said she supported agreements such as the recent pact by the US, Canada and Mexico, but believed more had to be done to soften the adverse impact on some workers. Free trade brought net benefits but these "had to be spread more evenly."

Brazil's fiscal reform boosted by new tax

By Christina Lamb in Rio de Janeiro

THE Brazilian government has won a partial victory in its battle to implement fiscal reform, with Congressional approval of a new tax on financial transactions.

After much negotiation, the House of Representatives voted by 358:84 late on Wednesday to introduce the 0.25 per cent tax on all financial transactions, including cheques. The government estimates this will generate $7.2bn in extra revenue.

Mr Henrique Hargreaves, the president's chief of staff, said: "This means we can now progress with our programme of economic stabilisation and social investment".

Economy ministry officials said yesterday they were confident that the new tax, with a recently approved withholding tax on financial gains, will enable them to plug the $13bn hole in this year's budget and show some progress to the International Monetary Fund at negotiations next month.

The real deficit is thought to be much greater than shown by government figures, and the reform so far consists of increasing taxes rather than sweeping structural changes, but the new tax is regarded as a crucial step on the road to reducing inflation, predicted at 27.5 per cent this month.

Approval of the new tax was won through centre-left co-operation. In return, the government had to drop two proposed new taxes on fuel and corporate assets, and to abandon proposed authorisation for the economy ministry to lift banking secrecy and to set up special tribunals to crack down on evaders. It also had to agree to devote more of the new revenue to social programmes.

The new tax requires another House vote, a Senate vote and an enabling act for implementation this year.

Beatrice foods chief dies aged 50

MR REGINALD LEWIS, who died on Wednesday of a cerebral haemorrhage aged 50, was one of America's richest men, and its most prominent black businessman, writes Laurie Morse in New York.

The majority owner and chief executive of TLC Beatrice International Holdings, he was a resident of Manhattan and Paris, and a 1968 graduate of Harvard Law School.

Mr Lewis acquired Beatrice for $1bn in 1987, via a remarkable buy-out, after a career as a corporate lawyer, financier, and take-over artist. Since then, he was an active manager of the company, selling less profitable operations and concentrating profit centres in Europe.

TLC Beatrice operates food companies in 18 countries, and had 1991 sales of $1.54bn and operating income of $115m. Mr Lewis and his family had control of 51 per cent of the stock. The remainer is closely held.

The Beatrice buy-out was built on a smaller take-over success. In 1983, after years of providing legal advice in similar transactions, Mr Lewis purchased the ailing McCall Pattern Company from Chicago-based Esmark for $22.5m in a leveraged buy-out.

He contributed $1m in personal savings to the deal. Four years later, he sold the revamped company to the John Crowther Group of Britain for $63m, reaping a personal gain of $50m.

His experience with McCalls and an alliance with Drexel Burnham Lambert led to the TLC Beatrice deal in 1987.

Former Soviet republics try to avert trade collapse

By Leyla Boulton in Minsk

A SPECIAL bank to save trade from collapsing among former Soviet republics is the most pressing item on the agenda of today's CIS summit, but it is feared the plan will falter for lack of Russian support.

The proposed Inter-State Bank would act as a multilateral clearing house for inter-republican trade, with sanctions for republics which exceed agreed levels of indebtedness. It also provides for co-ordinated monetary, credit, and budgetary policy as an additional option for those republics which decide to keep the rouble as their currency. The government of Russia, which has a trade surplus with virtually every republic, has undertaken to provide Rbs200bn to finance the bank.

However, Mr Stanislav Bogdankevich, central bank governor in Belarus, the republic hosting the summit, said he feared Russia would "drag out the issue" because of disagreements between the Russian central bank and the government, and a reluctance to bankroll republics which *"will all owe it money"*.

The dilemma of Belarus, provides a stark illustration of what is at stake in a continuing collapse of trade between republics whose economies remain highly interdependent. One of the main problems has been the demise of a common currency as republics have either introduced their own currencies or continued to use the rouble without co-ordinating monetary and credit policy.

By unilaterally switching trade to a "bilateral clearing basis" to prevent republics from issuing roubles unbacked by goods, Moscow has made it impossible for Belarus and others to pay for Russian energy imports with anything other than roubles earned from exports to Russian enterprises.

More than 80 per cent of Belarussian industrial output has traditionally been exported to other republics. Unlike, for example, Kazakhstan, which can export raw materials further afield for its currency, Belarus is 100 per cent dependent on cheap Russian energy supplies to run the manufacturing industry which is its main source of revenue. Even if a clearing system were established, it would still be unable to afford world prices for energy imports.

This is why Belarussian leaders firmly believe the country's future depends on close co-operation with Russia. "If Belarus were to pay world prices for energy it would cost *it 2.5 times its hard currency export* earnings," agrees a diplomat at one of the newly-established foreign embassies which are the most tangible signs of the republic's reluctantly acquired independence.

A central problem is that unlike Belarus, most republics do not want to trade some of their newly-won sovereignty – ceding some control over monetary and credit policy to Russia in order to maintain the rouble as a common currency. Attempts over the past couple of years to establish a central banking union to co-ordinate monetary policy has faltered because of most republics' insistence on one vote per republic. Russia wants voting proportional to each republic's economic clout.

The uncertainty has also provided Belarus with an excuse to freeze negotiations with the International Monetary Fund for a reform programme to stabilise the country's finances and begin restructuring the economy. In the absence of reforms, production has fallen just 10 per cent instead of 25 per cent in Russia, and inexplicably its budget deficit has been smaller at just 5 per cent of gross domestic product last year. But inflation remains high at more than 1,000 per cent last year and the republic adopted a law on privatisation only three days ago.

"The IMF has given us an ultimatum: either we find an agreement with Russia or we get out [of the rouble zone] and introduce our own currency," says Mr Bogdankevich. "We are not ready to decide either way yet: we are making a final attempt to come to an arrangement with Russia."

One solution would be for the west to provide finance for an inter-state bank, just like the US financed a settlement system in post-war Europe.

US takes world lead in chip technology

By Louise Kehoe in San Francisco

SEMATECH, the US government and industry backed semiconductor consortium, has demonstrated world-leading chip production technology using all-American process equipment.

US semiconductor production equipment makers have increased their share of the world market from a low of 43.9 percent in 1990 to an estimated 53.4 percent in 1992, according to VLSI Research, a US market research firm. Sematech's 10 member companies as well as other US semiconductor manufacturers will now have access to the consortium's technology.

The achievement represents the accomplishment of Sematech's primary goal, set when the consortium was formed five years ago. "When Sematech was created in 1987, we made a commitment to re-establish the US semiconductor industry at the forefront of *world manufacturing,"* said Mr Bill George, chief operating officer.

To do that, Sematech has produced demonstration chips with feature sizes of just 0.35 microns. Such chips contain electronic devices so small that 72,500 of them in a row would measure just one inch long. The most advanced chips currently in production have feature sizes of about 0.6 microns.

"By achieving this technology with all-US tools, we have enhanced America's ability to compete in world markets – with exciting prospects for increased US market share...," Mr George said.

Chips with 0.35 micron device widths are seen as the foundation for a new generation of electronics products ranging from talking computers to pocket-sized personal communicators linked to global networks, desktop computers as powerful as today's multi-million dollar supercomputers and intelligent vehicles equipped with chips that control everything from fuel mixture to the suspension.

Contract for Greek power plant

By Kerin Hope in Athens

DEH, Greece's public power corporation, has awarded a Dr82bn (£256.5m) contract to build a lignite-fired power plant in northern Greece to an international consortium led by Ansaldo, the Italian engineering company.

Ansaldo's bid for the turnkey project was considerably lower than the Dr105bn offer submitted by GEC-Alsthom, the Anglo-French group. It was also below DEH's own estimate of around Dr89bn.

The project will be financed through funds from the public investment budget, and some foreign borrowing.

It is likely to be the last Greek power station financed by DEH, a state-owned enterprise burdened with some $2.5bn in foreign currency debts. Other power projects currently being negotiated are to be carried out under a build-own-operate-transfer (Boot) system, which the government is keen to develop.

The other members of the Ansaldo consortium are Waagner Biro of Austria and Aegek, a Greek engineering company.

A third bid from a Russian-Serbian consortium was not opened because of a United Nations embargo on doing business with Serbia, the official said.

Untried hands reach for global levers

David Dodwell assesses trade talks as time for agreement runs short

NOT for the first time in the past six years, the plight of the Uruguay Round of talks on world trade liberalisation lies in inexperienced hands.

Different this time, however, are the sheer number of untried hands – chief trade negotiators for both the European Community and the US have come into office within the past three weeks – and the very limited time for them to learn the ropes.

Critical decisions which might grasp belated success, or damn the Uruguay Round to inconclusive and damaging drift, will be made within the next month. Mr Arthur Dunkel, director-general of the General Agreement on Tariffs and Trade (Gatt), said: "We are critically short of time. We must conclude now, or risk drifting into the sands."

Officials in Geneva, who have overseen the past three months of progress towards an agreement that could add $300bn a year to world trade by the end of the century, were adamant this week that a settlement was within reach.

Sir Leon Brittan, the EC's new trade commissioner, appears to agree. He plans top-level meetings for the next 10 days in Washington, Geneva, and at the Davos summit, aimed at an agreement. "Every week we don't have an agreement costs the world dear in money and jobs," he said early this week.

But it is unclear that the new US administration shares this view – nor is there confidence in Washington that agreement is within grasp. Part of the problem is uncertainty over future US trade policies or priorities.

*Confusion has been com*pounded by the fact that Mr Mickey Kantor, the new US trade representative, was among the last officials appointed by President Bill Clinton. He remains in learning mode.

None of Mr Kantor's deputies has yet been chosen, nor is it clear whether his authority will be unchallenged as "Mr Trade". Other senior members of the Clinton administration have indicated a close interest in trade policy. Lobbyists point out that Mrs Carla Hills, Mr Kantor's predecessor, took two years to stamp her authority on the brief.

There is doubt over the priority being given by Mr Clinton to trade policy. He is strongly committed to put domestic political and economic issues first. It is uncertain what space there will be for the Uruguay Round in his programme for the first 100 days – particularly in that politicians and lobbyists abound in Washington who say the Bush administration had made unacceptable concessions, which should neither be endorsed nor extended.

Even if trade attracts attention, completion of the North American Free Trade Agreement may take precedence, along with bilateral US trade relations with China and Japan, and sectoral issues such as trade in steel, motor vehicles, and timber.

According to Mr Gary Hufbauer, at the Institute for International Economics in Washington, the critical question is: "Will Mr Clinton allow the Uruguay Round to atrophy on his watch without one last try?" He argues that doing nothing "is a decision in its own right – a strong decision for drift", and he predicts that there is very little time for the administration to pause. The president's "fast-track" authority to present a take-it-or-leave-it trade package to Congress expires in March.

Whether or not Mr Clinton opts for "one last try" may depend on briefings from leading Bush trade negotiators such as Mr Jules Katz, Mr Warren Lavorel and Mr Rufus Yerxa, all temporarily in place until Mr Kantor's deputies have been chosen.

Officials in Geneva remain convinced a success is possible. They say the settlement in December of the EC-US dispute over reform of farm trade, and progress made in the past six weeks on trade in services, and in tariff cuts on manufactured exports, have greatly reduced outstanding disputes.

"Countries clearly have the flexibility to do the deal, but they won't show their hands until they are certain we are playing the true end-game," one senior Gatt official said. "Then the trade-offs will fall into place simultaneously."

This is not to ignore that these last trade-offs involve pain and controversy. For the EC, binding open its audio-visual market, and commitment to reform of national telecommunications monopolies, will arouse fierce opposition, particularly in France. So will cuts in tariffs around the ailing electronics industry, and in non-ferrous metals, pulp and paper, and chemicals.

For the US, a hard decision will be to offer deep cuts in the tariff protection given to the textiles industry, and to accept restraints on the use of unilateral sanctions against "unfair" trade. It will need to back away from demands to re-open negotiations on anti-dumping rules.

Most critical of all, Mr Clinton will need to resist pressure to introduce new issues – such as labour and environmental laws – since this would almost certainly lead to an avalanche of demands from other countries to reopen areas of concern to them. As a senior trade negotiator from Latin America pleaded: "Let's finish what we set out to do in Punta del Este six years ago. We know there are other items of business that have emerged since then, but let's tackle those after."

Sharing the pain

Where US and EC concessions will be needed

	US	EC
Services	Maritime Services Use of unilateral sanctions	Audio visual services Telecommunications
Market access	Bigger tariff cuts in ● textiles ● ceramics ● glass products	Bigger tariff cuts in ● electronics ● non-ferrous metals ● paper and wood products
Other issues	Opening up State government procurement Rein in demands for revision of draft Uruguay round Drop demand for changes to anti-dumping text	Opening up government procurement Consider sacrificing the Multilateral Trade Organisation

Air France in Euro Disney deal

EURO DISNEY, the theme park east of Paris, said yesterday that it had appointed Air France its sole official airline and would not be renewing contracts with British Airways, Aer Lingus, Lufthansa and Alitalia, Michael Skapinker reports.

Euro Disney said that after a year of operation it had decided to abandon its practice of having a preferred airline in each of its main European markets. It said it wanted Air France to represent it throughout Europe. Earlier this month Euro Disney had announced that Mr Robert Fitzpatrick was resigning as chairman to make way for Mr Philippe Bourguignon, a Frenchman.

The four airlines whose contracts are not being renewed were "preferred travel partners", which meant that they were permitted to use Euro Disney promotional material and logos in their advertising.

Euro Disney said its decision to drop British Airways was not related to controversy surrounding the UK carrier's "dirty tricks" campaign against Virgin Atlantic.

Air France will become Euro Disney's preferred carrier immediately throughout Europe, except for the UK, Ireland, Germany and Italy, where it will assume the role from the beginning of April.

Lloyd's losses forecast to reach £2.5bn

By Richard Lapper

LLOYD'S of London will report losses of at least £2.5bn over the next two years, according to a gloomy forecast released yesterday by Chatset, the research company which monitors developments at the international insurance market.

The projections for 1990 and 1991 results are significantly worse than earlier forecasts and would bring cumulative *losses at the market in the four* years to 1991 to more than £5bn, putting further strain on *the market's capital base, pro*vided by 20,000 individuals or Names.

More than 10,000 Names have left Lloyd's since 1990, while attempts by loss-making Names to obtain compensation have led to a tangle of legal actions, with attendant publicity denting the market's image and reputation.

Chatset said losses for 1990, which Lloyd's will report in *June in line with its three-year* accounting system, will amount to £1.64bn, compared *with earlier estimates* of £1.15bn.

The market will still be heavily in the red in 1991, with a deficit of at least £1bn.

Worse still, Chatset said its early figures indicate 1992 "looks like another loss-making year", partially because of claims of more than $1bn from hurricane Andrew, which devastated parts of Louisiana and Florida in August.

"Names will have to wait for 1993 possibly to make a profit and 1996 to receive once again a cheque from Lloyd's," said Mr John Rew, co-editor of Chatset.

Explaining the figures, Mr Rew said many syndicates were still receiving claims from so-called "spiral" reinsurance business – in which Lloyd's syndicates and companies reinsure each other against catastrophe losses – from losses in 1989 such as *hurricane Hugo and the Euro*pean storms of January 1990.

Losses were also arising *from asbestosis* and pollution claims in the US, many of them on policies underwritten up to 30 years ago.

The deficit also demonstrated that Lloyd's syndicates had been selling insurance too cheaply in spite of increasing rates during 1991. The market's "premium base was inadequate to meet the volume of claims," said Mr Rew.

The projections could stir *controversy among underwrit*ers and agents at the market, who last year accused Chatset of "alarmism" when it presented a similar set of estimates.

When the *1989 result* was announced in June, however, it emerged that Chatset's projections had actually underestimated the size of the loss.

"Last year we were accused of living in cloud cuckoo land – I really wish we were," said Mr Rew, who accused Lloyd's of talking up prospects for future profits.

Major rejects calls for independent Bank

By Philip Stephens, Political Editor

THE NEW governor of the Bank of England is to be told by Mr John Major that he has rejected calls to reinforce the government's anti-inflation strategy by granting the Bank independence.

The appointment of a replacement for Mr Robin Leigh-Pemberton will be announced within the next two weeks. He will take the post on the understanding that there is no question in the foreseeable future of the Treasury ceding control of monetary policy.

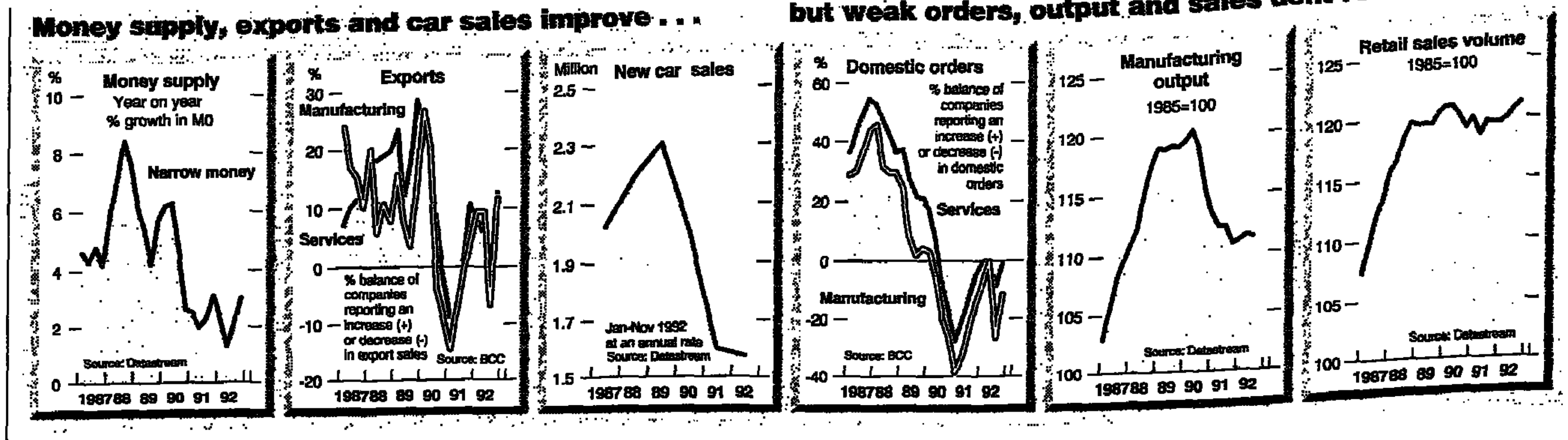
Downing Street refused last night to comment on when precisely the new appointee will be named. The most likely date is after the prime minister returns at the end of next week from a trip to India. But officials hinted Mr Major had already made his choice and an announcement could be earlier. Favourites for the job are Mr Eddie George, the deputy governor, Mr David Scholey, the chairman of Warburgs and Mr David Walker, the chairman-elect of Lloyds.

The decision to rule out independence for the bank will disappoint those in the City of London and at Westminster who saw it as a mechanism to underpin anti-inflation policy in the wake of sterling's exit from the Exchange Rate Mechanism.

Mr Major has made it clear that there is no prospect of Britain rejoining the ERM this year and that even in the medium-term it may prove difficult to re-link sterling to the D-mark. The commitment in the Maastricht treaty to an independent bank would apply only in the distant event that sterling became part of a single currency.

Mr Major has decided that the political sensitivities of interest rates changes are too great to transfer responsibility to a body not accountable to MPs at the House of Commons.

Money supply, exports and car sales improve . . . but weak orders, output and sales dent recovery hopes



Treasury panel divided on extent of the gloom

Gavyn Davies, chief UK economist, Goldman Sachs

The European recession is starting to drag down the UK. Unless Britain has markedly lower interest rates soon, there may be no recovery. The chancellor should also act to combat long-term unemployment.

Patrick Minford, professor of economics, Liverpool University

Mr Lamont's view that an economic recovery is starting has been blown out of the water. We need an aggressive programme of lower interest rates to stimulate demand. Yesterday's figures confirm my worst fears.

David Currie, head of economic forecasting, London Business School

The signs about an upturn have become far more patchy. The chances of a cut in interest rates soon are now higher than they were. But these latest figures do not alter my view that we will see a recovery this year.

Andrew Britton, director, Nat Institute of Economic and Social Research

Yesterday's figures apply to the fourth quarter of last year. No one was expecting them to be very strong, though I would have liked them to be better. I still think there will be a significant recovery over the next 12 months.

Wynne Godley, professor of applied economics, Cambridge University

Hopes of any real recovery in demand are going to be continually disappointed in 1993. There may be some rise in economic activity but not enough to stop unemployment from increasing further and not enough to bring it down.

Tim Congdon, managing director, Lombard Street Research

A full recovery requires not just a return to growth but the achievement of several quarters of above-trend growth. The evidence is that this *will not* happen in the near future. Meanwhile, the European economy is *deteriorating*.

Andrew Sentance, head of economics, Confederation of British Industry

Mr Lamont would be fully justi*fied in cut*ting 1 percentage *point off* base rates. We have to be very cautious about pros*pects* for a recovery, with the economy in the first half of 1993 likely to be pretty flat.

UK average earnings rise slowly

By Emma Tucker, Economics Staff

AVERAGE earnings rose by an underlying 5 per cent in the year to November, slightly below the October figure, which was revised upwards to 5.25 per cent.

This was the smallest increase in earnings since the *current series started in 1980*, but the Department of Employment said the figures were *lower in the 1960s*.

The slowdown in the rise of average earnings reflected lower pay settlements agreed around the end of last year. November settlements included 3.6 per cent at Rover, the car manufacturer, compared with 7.5 per cent the previous year.

In manufacturing the underlying increase in average weekly earnings in the year to November was 5.75 per cent, unchanged on the previous month. The increase in service sector earnings slowed to 5 per cent in the year to November from 5.25 per cent in the year to October.

Productivity – output per head – in manufacturing rose 5.4 per cent in the three months to November compared with the same period a year earlier. This was the sharpest increase since June 1989 and reflected heavy manufacturing job losses. Slowing wage growth and rising productivity caused manufacturing unit wage costs – wages and salaries per unit of output – to drop 0.3 per cent month-on-month in November.

Jobless may be key indicator of recovery

By Peter Norman, Economics Editor

OFFICIAL figures released yesterday showing an increase of 60,000 in Britain's jobless could turn unemployment, traditionally a lagging indicator of economic activity, into an important pointer to future policy and trends.

Last month's seasonally adjusted jobless rise was higher than the 55,900 increase of January last year, which, *when announced, was the* main constituent of a "black Thursday" of dire data that *rattled confidence of the Con*servative government.

Concern at the December jobless increase centres on *fears that it will deal a poten*tially lethal blow to business and consumer confidence just *as these indicators were begin*ning to hint at recovery.

The Treasury said the jump in unemployment did not suggest economic activity was still *falling. Officials said it* was typical of an economy emerging from recession.

But the view among City economists was that the jobless figures together with *November's decline in indus*trial production may risk a downward spiral of declining *confidence and activity that* could halt a recovery.

The monthly rise in unemployment accelerated markedly in the final quarter of last year and there are signs that it could continue at a high level.

Ms Sally Wilkinson, an economist at Morgan Grenfell, the investment bank, said a notable aspect of the jobless figures was that "no-one was coming off the register" suggesting demand for labour is weak.

The December figures could be a sign that many of the people who lost their jobs last year are only now beginning to *claim unemployment benefit*.

Yesterday's news, following this week's disappointing retail *sales figures* for December, prompted a reappraisal in the City of the government's next economic policy moves. Last weekend, Mr Norman Lamont, the chancellor, indicated that *he would not rush* to cut bank base rates from 7 per cent, largely because he has limited scope to keep underlying inflation in the government's 1 to 4 per cent band.

The *24.6* point jump in the FTSE-100 index yesterday showed the City is looking for an early *base rate cut of at* least one percentage point, followed perhaps by a further cut *to 5 per cent later in the year*.

The bleak news about the real economy will also have a bearing on the discussions in the Treasury and Number 10 Downing Street about the March *budget. A further batch* of poor figures in a month's time would make it difficult for *the government to contemplate* a tax raising budget in March to curb Britain's growing pub*lic sector deficit*.

Without an improvement in the economy, Mr Lamont could *face a dilemma.* Speculation about lower interest rates depressed sterling yesterday.

In a worst case scenario, the chancellor could find himself having to judge the respective *merits* of an interest rate rise to curb inflation and a cut in rates to boost the economy.

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Exports point to growth

By Peter Norman

THE BRITISH economy is still in recession but started to show signs of returning to growth last month, according to the latest quarterly survey by the British Chambers of Commerce.

The survey, carried out between December 1 and December 18, found that manufacturing industries' UK orders and deliveries were still falling, although at a slower rate. Mr Richard Brown, the BCC's director of policy, said the service sector seemed on the point of growing again.

Export sales for manufacturers and for service companies were at their highest for two and a half years, reflecting a good response to the increased competitiveness provided by sterling's devaluation. Higher *export order books pointed to* "modest and seemingly sustainable growth."

But the chambers voiced "extreme concern" about the state of the UK domestic market – "with the exception of a negligible growth in the second quarter of 1992, manufacturers have not seen growth since the beginning of 1990 and are still forecasting further decline as we start 1993," the report said. "The need to foster domestic economic recovery remains strong."

The good news in the survey – the strongest rise in manufacturers' export performance since the BCC surveys began in 1985 and improved business confidence – was offset by a continued high loss of jobs. The poll of 9,061 companies employing more than 1.2m points to further redundancies this year.

The percentage of *manufac*turers planning to reduce their workforces in the current quarter exceeded by 19 percentage points the portion planning an increase.

Among service companies, the portion planning to reduce staff levels exceeded those planning staff increases by 9 percentage points.

Capacity utilisation remains low. The percentage of manufacturers working at full capacity crept up to 20 per cent in the final quarter of last year from 17 per cent in the previous three months while full capacity working in the service sector was barely changed at 19 per cent, up from 18 per cent.

As a result, employers have no incentive to take on staff or increase investment. A marginal increase in investment in plant and machinery varied *widely across the regions*.

November output declines by 0.5%

By Emma Tucker

A POOR performance by the car industry and a drop in metals production were behind a 0.5 per cent fall in manufacturing output in November compared with the previous month.

The drop followed a 0.1 per cent rise in October and altered the flat trend in manufacturing output since the start of last year. The Central Statistical Office estimates that output is falling at an annual rate of about 1.5 per cent.

The output of the energy industries was sharply higher in November. Production of oil and gas from the North Sea rose 9 per cent in the three months to November compared with the previous three months. Water supply industries' output rose 3.5 per cent.

The three-month on three-month trend in manufacturing showed a 0.5 per cent fall in the period to the end of November. Compared with the same period the year before output was 0.1 per cent lower.

The CSO said most of the fall in manufacturing output between October and November was due to a 6 per cent month-on-month drop in the production of motor vehicles. There was also a sharp fall in the output of the metals industry. Steel companies in particular responded to weak demand by cutting production.

Other industries where output fell included mechanical engineering and minerals and mineral products.

Britain in brief

Complex rail sell-off raises red tape fear

The government's railway privatisation bill to be pub*lished today threatens to cre*ate a jungle of bureaucracy for private sector operators hop*ing to enter the rail business*.

Every company seeking to take any part in the running of the railway – whether as a *train operator, station lessor* or depot owner – will be required to obtain a licence *from the Rail Regulator*.

The long and complex Railways Bill, consisting of 131 *clauses and 11 schedules in its* final draft, paves the way for the duties of the British Railways Board to be divided and passed on to a plethora of new and existing bodies.

Informal talks on Ulster

Sir Patrick Mayhew, Northern Ireland secretary, has begun informal consultations with local political parties about the resumption of *talks on the* province's future. He is to meet Mr Dick Spring, the Irish foreign minister, in Dublin today.

Public sector pay criticised

The Industrial Society has *strongly criticised the govern*ment's 1.5 per cent pay limit for the public sector describing it as unfair and likely to backfire.

Mrs Rhiannon Chapman, director of the independent advisory and training organisation, says in an article published today that the 1.5 per cent pay norm was "introduced in a manner guaranteed to provoke a hostile reaction from those who could plausibly see themselves as its victims".

Tabloid editor remains defiant

Britain's most famous tabloid newspaper editor, Mr Kelvin MacKenzie of The Sun, emerged defiant after a two-hour encounter with the national heritage committee investigating privacy and media intrusion.

Mr MacKenzie told the committee chaired by Mr Gerald *Kaufman, Labour MP for Man*chester Gorton, that the press was better behaved now than *at any time he could remem*ber, adding: "There has never been a time when the press is liked by the sort of people who sit on a committee like this."

The editor, who admitted to misdemeanours in the past, said: "We only publish the truth now and you can't do better than that."

Struggle could split union

A power struggle is threatening the stability of Britain's fifth largest union – the 600,000 strong Manufacturing *Science and Finance Union* (MSF) – over its future strategy and political direction.

*Today the increasingly bit*ter wrangling could lead to the dismissal of Mr Jack Carr, the union's assistant general secretary. He was suspended just before Christmas by Mr Roger Lyons, the *MSF's* general secretary, accused of gross misconduct in handling of the union's finances.

Mr Carr is appealing against the decision today before a panel of the union's executive. Mr Carr said Mr Lyons's action was the "start of a political cleansing of the union" and other MSF officials were facing discrimination.

Investors opt for summaries

Most shareholders prefer using summary financial statements rather than a company's full annual report, says the Institute of Chartered Accountants in England and Wales.

But the Department of Trade and Industry should make the regulations on reports more flexible so they are still easier to read, its financial reporting committee – which commissioned the survey – recommends. For most companies *offering summary statements*, more than 90 per cent of shareholders opted for them in pref*erence to the annual report*, the survey shows. Users of accounts prefer summaries because they are less intimidating than full reports and more likely to be read, it says.

Ferry service

P&O European Ferries plans to start a twice-weekly service between *Portsmouth* and Bilbao, in northern Spain, from April 28, in competition with the Brittany Ferries Plymouth-Santander service.

British Gas cuts 1,240 jobs in £30m rationalisation

By Deborah Hargreaves

BRITISH Gas is cutting 1,240 jobs from its headquarters staff as part of a rationalisation programme that will save £30m a year. The company also announced that it will freeze salaries this year for board members, although performance-related bonuses will not be affected.

The moves to sharpen the focus of its corporate centre come amid continuing cost pressures on British Gas as it faces increasing competition in *its industrial market. But Mr* Cedric Brown, British Gas's chief executive emphasised yesterday it was also a positive move to make management more effective and efficient.

The company said it plans to meet the job cuts from voluntary redundancies over the next five months and will put a freeze on external recruitment.

British Gas will also slim its corporate centre by moving research and technology functions to its new research station at Loughborough and con*tracting-out many of its* engineering construction functions.

"*We want the corporate cen*tre to focus closely on the company's strategic direction and devolve responsibility to the business units to manage their own affairs," said Mr Brown.

British Gas comprises three business units: the UK gas business; exploration and production; and global gas.

The rationalisation programme will cost around £70m *and the company expects this* to pay for itself within 18 months to two years. Head*quarters staff based in London* will be trimmed back to 460 *from the current level of 3,700* staff.

The company will concen*trate research and technology* in Loughborough with the closure of two research stations in London and one in Solihull. Research and technology staff will be reduced by around 500 *from 1,600*.

In addition, its engineering construction personnel will by *cut by about 500 from today's* level of 1,300. The remainder of the redundancies will be met *from support staff throughout* the corporate headquarters.

The company says its "generous" redundancy package guarantees a minimum of 26 *weeks' pay for all who leave*.

British Gas is involved in pay negotiations with its industrial workers which could see its staff being awarded a pay rise while board directors *see their pay frozen this year*.

● British Gas is discussing with the Monopolies and Merg*ers Commission* the creation of a market for trading peak loads of gas as a way of maintaining *cheap prices* for big industrial energy-users.

MPs attack pit closure 'mistakes'

The government and British Coal were heavily criticised yesterday over the pit closures programme as a cross-party *committee of MPs called for all* 31 mines to stay open until there had been consultation on the economic, industrial and social consequences for the nation and communities.

Mr Michael Heseltine, trade and industry secretary, came under fire for his secrecy in talks with BC in the run-up to the pit closures announcement *for allegedly failing* to consult with the employment department and for misjudging public opinion. Mr Greville Janner, committee chairman and *Labour MP, said BC had* made "monstrous mistakes not to comply with the law".

Separately, Mr Karel Van Miert, the EC's new competition commissioner, confirmed he might give Britain the flexibility to grant subsidies to the coal industry until 1995, but stressed that negotiations had not yet begun.

In a further development, two pit unions called off a High Court hearing after claiming British Coal had *stepped back from threats* to reduce redundancy payments to miners after the end of this month.

Mr Janner's comments about BC's mistakes were rejected by Mr Neil Clark, British Coal chairman, who said it was impossible to go through the normal consultation process *for pit closures – the issue* caused the High Court to rule the law had been broken – without affecting redundancy payments.

The committee said: "The *true national* costs should be taken into account especially when large scale redundancies are to be *created in a publicly* owned industry such as coal."

The Department of Trade and Industry *said it would* consider the committee's report before publishing its white paper on energy, scheduled for next month.

Olde village finds home in Japan

By Andrew Taylor, *Construction Correspondent*

JAPANESE businessmen *attending a language school 90* miles north-west of Tokyo are to get a touch of Olde England. A reproduction *Elizabethan* village complete with pub, bowling green and village hall is to be shipped in *pieces from* Britain and re-assembled in Shirakawa.

Boarder Oak Design & Construction, a family owned Herefordshire company, has a won a £4.1m contract from the Sano Educational Foundation *to* construct the village which will house up to 400 students.

Ten oak-beamed houses, each an exact replica of a small Tudor manor house, must be *built to* withstand earthquakes and hurricanes.

Mr John Greene, Border Oak's *managing* director, said: "The idea is to encourage students not only to speak English but *to feel English*."

The development on 60 acres will include two tithe barns a 350ft long brick and *flint* manor house, formal gardens, Roman baths and ornamental lake.

About 1,000 commercially grown English oak trees, up to 200 years old, have been *felled* for the project by Henry Venables of Stafford which was involved in the re-building of of York Minster, destroyed in a fire in 1984.

Mr Greene said that the shells of the houses and the public house would be assembled in Stafford before being dismantled and shipped in 130 containers to Japan.

The first house should arrive at Shirakawa at the end of March.

Over the past year, the collapse of the secretive, super-centralised Soviet state has opened up previously undreamed of opportunities for western businessmen to bypass Moscow and deal direct with new decision-makers in the far-flung provinces.

At the same time, decentralisation, and the emergence of 15 separate states from the wreckage of the old union has raised the cost and complexity of doing business. Long-established western companies, used to the dreary but familiar round of ministries and endless discussions with bureaucrats in smoke-filled rooms in Moscow, have opened representative offices in new capitals such as Kiev, Tashkent and Alma Ata.

For some, the trek in search of new business has taken them to military-industrial plants which two years ago did not officially exist and appeared on no maps. Such was the fate, for example, of Amersham International, the privatised UK-based "health science company" which last year set up a joint venture with Mayak, a company owned by the Russian Ministry of Atomic Energy and Industry, to market radioactive isotopes. These were produced at Chelyabinsk-65, a former top secret military plant in the Urals region.

Amersham's experience in setting up the joint venture with Mayak and dealing directly with the local authorities and newly empowered managements in the Urals was instrumental in its subsequent decision to become a core member of the recently formed British Health Care Consortium.

The consortium, an effort to take a co-ordinated "Great Britain PLC" approach to tackling the challenges and opportunities of the post-Soviet market, groups together some of the UK's top pharmaceutical, healthcare and related industries under the chairmanship of Sir Ronald McIntosh, former director-general of the National Economic Development Council.

The founder members of the consortium are Glaxo, the Wellcome Foundation, ICI, Amersham International, Smiths Industries Medical Systems and Conder Projects, a specialist in medical construction.

The consortium enjoys technical support from the counter-trade department of the London-based Moscow Narodny Bank and close ties with the UK Department of Health.

Last month, after visits to its base in Yekaterinaburg as well as Chelyabinsk, Ufa and Izhevsk the consortium and Uraltech, its Russian partner, finalised a \$36m (£24m) agreement under which BHCC companies will design, build and equip hospitals and clinics.

Selective British projects outside Moscow

Business in the back of beyond

Communism's collapse has created profitable chances to bypass Moscow, writes Anthony Robinson

The consortium, drawing on the example of the UK's national health system, will also help reorganise health care provision in a region blighted by decades of ecological neglect, heavily polluting industrial development and the Soviet disregard for public welfare.

The deal will be financed from the proceeds of the export of aluminium and other products formerly used largely for arms production. The green light came after the first \$2m flowed into an escrow account at MNB, which after a recent radical restructuring concentrates on services for exporters and investors.

With honourable exceptions, UK companies have been slower than other European companies to get involved in the former communist countries. BHCC offers "piggy-back" access for smaller UK companies in what is expected to be a developing, long-term market in the Urals and eventually other regions with similar needs.

"The consortium itself is not a non-profit organisation and is not an exclusive club. We are willing to associate with any UK company, provided there is no conflict with the core members," says Sir Ronald.

The groundwork for future expansion follows months of frequent visits to Yekaterinaburg, building on political support for the project from Russian president Boris Yeltsin, who was the Communist party boss when the city was called Sverdlovsk.

"The important thing in deals like this is to make sure that you are dealing with reliable people and that the supply of goods required to finance the operation is authorised from the top. All these requirements are met in this case. Aluminium and other products for export are flowing from the Urals to St Petersburg, money is flowing into the escrow account, and a solid basis has been laid for serious business," says Bill Newman of MNB.

The collapse of the old Communist party structures has been followed by the restoration of the former tsarist system of regional and provincial governors appointed by Moscow to act as the central government's eyes and ears in the provinces. Building good relations with the local authorities is crucial to the success of deals involving public services such as health.

"The future of Russia could well be decided at the local and micro-level. It is now possible to do business directly with the movers and shakers in areas like the Urals, which is far from Moscow but has a population of around 25m and growing access to hard currency," Sir Ronald adds.

The importance of close ties with local authorities and enterprises is equally important in areas such as food where UK companies have set up a similar consortium in Ukraine.

"Improving food supply and healthcare are the keys to raising morale and productivity, not just in the Urals but throughout the former Soviet Union. The hunt for food and the need to take care of sick children and relatives are the main causes of absenteeism. Separately, the UK food and health consortia tackle both these key areas head on," says Bruce Beharrell, who heads Amersham International's Russian operations and is a key figure in the BHCC consortium.

Christopher Lorenz

Flying in the face of corporate ethics

BUSINESS school teachers of ethics are an understated bunch. They have to be, otherwise sceptical managers would be even less open to their message: that ethical behaviour is not a burden but a boon to a company's reputation and competitiveness.

Yet, on both sides of the Atlantic, the academics' reaction this week to the unfolding implications of British Airways' "dirty tricks" campaign against Virgin Atlantic has ranged from disappointment to surprise, tinged with a touch of enthusiasm.

"Disappointment that a company in such a leadership position should feel the need to use these tactics," was the reaction of one American academic. "Surprise that a company which has invested so much in building a reputation for trusting its staff and caring for its customers should risk that by engaging in such misconduct," was the comment of another. Their only enthusiasm was at a juicy new research "case" on ethics.

The academics are almost unanimous that the judgment of BA's senior management has not merely been called into question, but that the top is heavily to blame for the affair, regardless of BA's attempted exoneration of its chairman and chief executive.

For the members of an organisation to know the difference between acceptable and unacceptable behaviour – which is more than just a matter of knowing the law – the lead has to be set consistently from the top, the academics argue. In the absence of clear indications that particular actions are unacceptable, managers will tend to try to second-guess the top, and act in a way which they think their bosses will approve. As several UK academics suggest, this is especially likely if, as at BA, the head of the organisation has a reputation for muscularity.

Surprising though it may seem, behaviour towards competitors – other than anti-trust collusion with them – is one of the least developed areas of the developing discipline of business ethics.

Because of the field's roots in religion and moral philosophy, its growth during the "corporate social responsibility" fashion of the 1970s, and the impetus it has been given by the financial scandals of the 1980s, most research and teaching has concentrated on relations between companies and their most obvious "stakeholders".

As a result, the vast majority of business ethics literature deals with individual behaviour towards office colleagues and subordinates, and with corporate attitudes to insider trading, to customers (including bribery and product safety), to the local community, to health, safety and the environment, and to political issues such as South Africa.

For the members of an organisation to know the difference between acceptable and unacceptable behaviour, the lead has to be set consistently from the top

Only recently have relations with suppliers bounced on to the agenda, though more in Europe than the US. Apart from anti-trust considerations, competitor relations – ranging from information-gathering to the way one talks to customers about one's rivals – has rated hardly a mention.

The same blind spot applies to companies. "Very few corporations have addressed the ethics of behaviour towards competitors," says one of few academics to specialise in the field, Lynn Paine, a professor at Harvard Business School. An analysis she made of the content of American corporate codes of conduct showed that fewer than two dozen out of 480 companies gave any real guidance to employees on methods of gathering competitive intelligence.

As a model, Paine and others cite three pages on competitive behaviour taken from a statement of "standards of business conduct" circulated widely within Hewlett-Packard, the successful – and reputedly ultra-ethical – US electronics multinational.

These contrast starkly with BA's alleged behaviour. They include, among other things, a carefully-defined ban on the use of "improper" means to obtain competitive information, and a rule that any statements about competitors "must be fair, factual and complete".

Paine's course on "information, power and responsibility" teaches, among other things, that companies which tell their managers and employees to trust each other, and to tell the truth, should consider the probable internal impact of behaving in a very different fashion when they deal with competitors. "One likes to think one can put these things into boxes, but I'd question whether one can do so," says Paine.

She also teaches that, in order to improve the products, services and profits of their industry, "companies should consider what is healthy competition, not just whether one is straying across a legal boundary. The avoidance of wrongdoing is not enough".

Contrary to the way critics paint them, few teachers of business ethics are naive. Most accept that, just as acceptable behaviour varies between countries, it does by industry, according to the impact within that industry of each practice. Standards of acceptability differ, for instance, over the way companies promote their products, gather competitive information and poach key employees. But as one academic said this week: "There are limits – and they're not just the law."

The same applies to the moot question of whether certain anti-competitor tactics are only acceptable in takeover battles, or when a small company is attacking a near-dominant one. Academics are at one that a respectable Goliath should never use underhand tactics to attack a David, no matter what the circumstances.

BUSINESSES FOR SALE

TECHNOLOGY

Boost for Aids drugs

Shares in Wellcome, the UK drugs group marketing Retrovir, presently the principal therapy for Aids and HIV-positive patients, jumped sharply last week on reports of a positive trial for the treatment.

The trial, conducted by the US-based National Institutes of Allergy and Infectious Diseases, compared Wellcome's Retrovir, also called AZT, with Bristol Myers Squibb's didanosine, also known as ddI, in HIV-positive patients with advanced disease.

Details of the study showed that AZT was more effective in slowing the progress of Aids among patients who had not previously used the drug. The trial ran from October 1989 until May 1992 and involved 617 HIV-infected patients.

Among 380 sufferers who had not taken AZT before, 18 per cent developed a new, previously undiagnosed Aids-defining condition or died within a year. That compared with 31 per cent on a ddI dose of 750mg, and 29 per cent on a 500mg dose.

However, for those who had used AZT for eight to 16 weeks previously, ddI proved more effective. For this group, 33 per cent on AZT developed a new Aids-defining condition or died within a year, compared with 11 per cent on 500mg of ddI, and 17 per cent on 750mg.

Aids-defining events included yeast infections of the mouth, unexplained fever or diarrhoea, recurrent herpes outbreaks and the loss of weight.

The two drugs had mixed side-effect profiles, according to the study. Those on AZT were more likely than those on ddI to suffer lowered blood cell counts. Those on a 750mg dose of ddI were more likely to develop pancreatitis than those on a 500mg dose or AZT.

The investigators made no recommendation about changing current therapy. AZT remains the front-line treatment. However, the trial does show that combination therapy will play an increasingly critical role in the management of HIV-related disease.

This year, the US Food and Drug Administration recommended a third anti-viral agent, Roche's ddC, but only in combination with other agents such as AZT and ddI.

Paul Abrahams

Richard Waters on the progress of the London Stock Exchange's paperless settlement system

Taurus the octopus

Cranking up the biggest technology project to hit the City since Big Bang was never going to be easy. Taurus, the long-awaited paperless settlement system that is meant to make it cheaper and safer to deal in the London stock market, is several weeks into testing.

Like an electronic octopus, its tentacles have begun to spread around the City, reaching out towards the 280 or so financial institutions which will eventually be linked into the system.

The process is likely to be a protracted one. This week, the institutions which will be tied electronically to Taurus – registrars, brokers, market makers, custodians, large investors – were told that the testing will last until at least the end of this year. This pushes back the live date for the project by another six months to the spring of 1994.

Each delay – there have been several since Taurus' first aborted target date of October 1990 – puts up the costs for London's securities industry.

The official cost/benefit analysis for Taurus, produced by the London Stock Exchange several years ago, looks increasingly out of date as delays add to the development costs of brokers and others, as well as the Exchange itself.

The cost to the Exchange was last put at about £80m, though the latest delay will push it higher. Each delay also pushes further away the day when stamp duty – the 0.5 per cent turnover tax on stock market trading – is finally abolished, adding a further cost to all investors.

The sheer scale and complexity of the project accounts for the latest lengthening of the timetable. It has been urged on the Stock Exchange by participants in the system, who wanted more time for testing before the system was brought into operation.

As John Watson, the Exchange's Taurus project director, warned when testing began last autumn: "We're not just implementing one system in one organisation. There's still a huge undertaking we have ahead of us."

Taurus is being introduced in three phases, with each phase subjected to three separate test cycles. The first phase – the part of the software which deals with the basic settlement function, involving the exchange of stock for cash – was delivered last autumn, together with the communications package which had taken far longer to develop than expected.

The second and third elements are due this spring. The most complex part of the system will be the last to arrive. Known as the benefits package, this deals with situations like takeovers, rights issues and other events which affect shareholders' rights and benefits.

Mike Jones, a director of Capel Cure Myers, a nationwide private client stockbroker, says that the element dealing with benefits is likely to be the most difficult to implement: "They account for about 30 per cent of the code, and 80 per cent of the problems in any stockbroking package."

Each part of the Taurus system is first put through "entry testing". This involves financial institutions hooking up to the central computer and putting their own systems through their paces on a simulation package. In the second stage – known as participant testing – the Stock Exchange's own system swings into operation, interacting directly with other participants.

This second stage was reached this week, the first big test for the Exchange's own development work.

Stage three of the tests has been urged on the Exchange by Taurus participants. They felt that it was not enough to interact individually with the Exchange through their own electronic link, but wanted to make sure that all the pieces of the jigsaw fitted into place: in other words, if one broker instructed the central computer to send shares to another, would the second broker actually receive them on time?

This extra phase of testing, known as "many-to-many testing", will involve groups of participants banding together and conducting trials between themselves, through the central computer, to make sure all the pieces fit together.

It is this many-to-many phase of the final part of the system, the benefits package, that accounts for the latest delay.

A single test cycle will take several weeks: events like rights issues and takeovers work to specific timetables, allowing time for investors to receive information and make decisions about whether or not to accept an offer. A series of these test cycles is expected to take up the last four or five months of the year.

This latest delay is causing less unease around the City than previous setbacks. Putting the system through its paces was always expected to be a convoluted process, and there is general support for the Stock Exchange's measured approach. "They have given themselves a more realistic timing," says Alison Renison, in charge of Taurus development at Barclays.

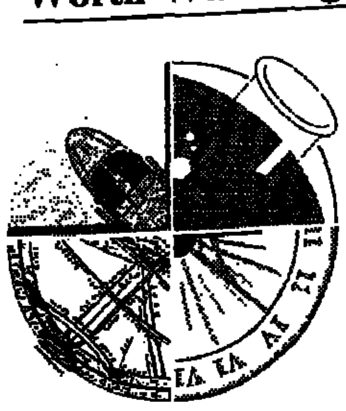
The extension of the testing timetable has come at a sensitive moment, though. With the main season for corporate annual general meetings about to get under way, the Stock Exchange had hoped to persuade more companies to pass the necessary changes to their articles of association to allow them to scrap their share certificates and move on to Taurus.

Despite a steady trickle of companies taking this step over the past year, most have delayed, preferring to hold off until Taurus finally seems a reality.

The latest news could take the sense of urgency out of the project, encouraging companies to put off the amendment until next year's AGM. That could push up the cost of Taurus still further.

During its first months, the new electronic settlement system will run in parallel to the existing paper-based arrangements. The duplication will add to costs for registrars, brokers and the exchange itself, warns Watson.

Worth Watching · Della Bradshaw



Watermarks made easy

It usually takes one tonne of paper, a mill and several weeks of waiting to produce watermarked paper for cheques, tickets and other documents. Now, TSI Design, of London, has developed a way of imprinting watermarks using litho printing and speciality inks. The inks contain an ingredient that enables the mark to sink into the paper.

TSI says it can produce watermarks for as few as 30 sheets of paper and the cost is little more than that of printing an extra colour.

The company believes the technique will prove popular for printing tickets, vouchers and certificates as well as top-notch corporate stationery. TSI: UK, 081 739 7268.

A case for recycling

Triumph Adler, the office equipment company, is taking recycling to its limit. Its German factory is now producing typewriter casings made solely from recycled ribbon cassettes.

The Cyclo, which will sell for just over £100, is a portable, electric daisywheel typewriter. Its casing is made from Triumph Adler cassettes returned to the manufacturer once their useful life is over. Triumph Adler: Germany 911 9320. UK: 0206 845251.

● Office managers with an environmental conscience may also be interested in a "greener" approach to the miles of facsimile paper that churn off the fax machine. Arjo Wiggins Thermal Papers, of Lincoln, has developed a thermal paper, the base of which contains at least 50 per cent de-inked waste fibres. Arjo Wiggins: UK, 0522 681212.

Projecting latest TV advances

Television addicts are in for a treat. They can now watch the latest TV programmes on a 100-inch screen using projection television technology developed by Sharp in Japan.

The XV-710P projector has a short focal length which enables the lens to project a 60-inch picture from just two metres away or a 30-inch picture from just one metre.

Videorecorders, laser disc players, camcorders or video games consoles can also be plugged into the back of the projector. It weighs 4.3kg and retails for £1,799.99. Sharp: Japan, 06 621 1221; UK, 061 205 4255.

Key to increasing security control

Those who hanker for the traditional in a high-tech world will be grateful that Chubb, the security company, has introduced an access control system that does away with the fingerprint, the retina scan and the plastic card. Instead, it uses a key.

It is not an ordinary key, however. Embedded in the tip of each one is a uniquely coded microchip containing information about the key holder. Only if the key has been programmed into the memory of the lock, which incorporates a tiny computer, will the key open the door. Chubb: UK, 0902 455440.

Shall we shadow the President?

Many a viewer must have watched the inauguration of Bill Clinton as president of the US and thought they could do a better job. Now they have the chance if they own an IBM PC.

DC True, of Evanston, Illinois, has developed the Shadow President software package which enables the player to promote human rights, help third world companies structure their economies or even drop nuclear bombs. Distributed in Europe by Entertainment International, of Basildon, Shadow President costs £44.95. DC True: US, 708 866 1864. Entertainment International: UK, 0268 541126.

PEOPLE

Ralph resurfaces at Glynwed

Bruce Ralph, chief executive of Dowty until its acquisition by TI Group last year, is to join diversified UK engineering group Glynwed International.

A former student in the Hanson mergers and acquisitions school, Ralph, 53, has been appointed managing director and chief executive designate. He will be responsible for a reorganised management structure, overseeing six new operating divisions.

Ralph joined Dowty in 1983 and became deputy chief executive beneath Tony Thatcher in 1985. Following a shake-up in the board triggered by Dowty's debilitating move into information technology and mobile communications, Ralph became chief executive in 1991.

He then began to try to sell the IT division but Dowty's profits and defences continued to suffer. Unable to make the disposal at a price that would not damage the balance sheet, Dowty fell prey to TI less than a year after Ralph assumed the top job.

During the TI bid, however, Ralph was not able to distance himself entirely from decisions taken by his previous boss. TI claimed that as a member of the Dowty board he was on watch when the decision was taken to diversify from Dowty's core aerospace and polymer business.

Since the takeover, TI has retained Ralph in a consultancy role. That position will end just before he begins with Glynwed on February 1.

Gareth Davies had combined the posts of chairman and chief executive at Glynwed.

■ **David Sandford**, formerly director of finance and administration of Sulzer (UK) Pumps, has been appointed to the boards of SULZER (UK) HOLDINGS and SULZER (UK).

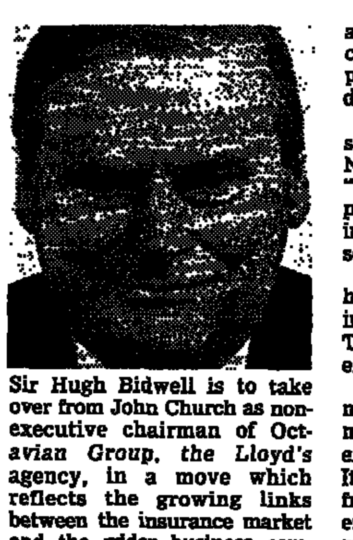
■ **James Elsner**, formerly vice-president engineering systems and capital development at Campbell Soup, has been appointed ceo of SEVERN TRENT WATER's US subsidiary, Capital Controls Company Inc.

■ **David Favre**, formerly marketing director, has been appointed md of Marinet Systems, part of TRAFALGAR HOUSE.

■ **Howard Brookman**, formerly European manufacturing planning director of McVitie's, has been appointed production director at DAIRY CREST.

■ **David Yellowlees**, marketing director for Asia/Pacific, has been appointed marketing director of REEBOK UK.

Putting the Names first



Sir Hugh Bidwell is to take over from John Church as non-executive chairman of Octavian Group, the Lloyd's agency, in a move which reflects the growing links between the insurance market and the wider business community.

Sir Hugh, now 58, spent much of his working life in food manufacturing but has become more involved in City affairs since the mid-1980s and was Lord Mayor of London between 1989 and 1990.

A Name at Lloyd's since 1986, Sir Hugh says he would "prefer to forget" about his own recent underwriting results.

Sir Hugh describes his recent losses "as about the market average", but admits to being concerned by the disastrous performance of one of his syndicates, Bromley 475.

He says that losses on the scale suffered by Lloyd's Names between 1988 and 1991 "must never be allowed to happen again" and that Names' interests must be better represented in the market.

At Octavian, Sir Hugh says he will remind people "that the interests of Names come first. The Names are our shareholders."

Octavian was formed in a management buy-out in the mid-1980s and has had a non-executive chairman since 1986. It hopes to benefit particularly from Sir Hugh's experience in exporting. He has successfully marketed products such as Viota cake mix in the United States and is currently chairman of British Invisibles.

In addition, Sir Hugh's City connections could prove to be invaluable at a time when all Lloyd's agencies are examining ways in which the market can attract capital from institutional investors and insurance companies.

Sir Hugh is also a director at Rothschild Asset Management, and has a desk at the merchant bank's offices.

Invesco lets in Tose

Philip Tose, chairman of Hong Kong-based Peregrine Investments, has finally won a seat on the board of Invesco MIM, the UK fund managers in which he has built a 24.7 per cent stake, but the new non-executive director joins at a time of considerable upheaval within the group.

Charles Brady took over as chief executive last August, with a brief to institute a more conservative investment and management style in the wake of the Maxwell and Drayton Consolidated fiascos.

But since then, Nicholas Johnson, who was in charge of all the non-American business, has quit, and there is understood to be a good deal of unhappiness on the Far Eastern team.

Brady has made a great success of his Atlanta, Georgia-based operation, but has yet to convince the rest of the group that he can manage to turn around the UK and sustain and develop the Far Eastern operations.

While Tose might have expected his stake to warrant two seats on the board, he has had to agree to just one, and to the two-year standstill agreement that he will not increase his shareholding or have any real say in the management - even if he is technically being consulted on Far Eastern matters.

Peregrine, which has blossomed since Tose and another former Vickers man, Francis Leung, struck out on their own at the beginning of 1989, currently has shareholders funds of around £255m.

A shrewd man of few words, Tose is renowned for the high-level connections he has cultivated in both Hong Kong and mainland China.

Most significantly he is close to Li Ka-shing, one of the colony's richest men, for whom he acted when he was at Vickers da Costa and who was a big backer of Peregrine from the start.

Tose, 47, whose father was a senior partner at Vickers da Costa in London, first went out to Hong Kong for Vickers in 1972.

He was soon running the Hong Kong operation, in which position he stayed until four years after Citicorp acquired the broker.

■ **John Bowater** has been appointed finance director of TARMAC Quarry Products in succession to **Peter Davenport** who retires in June; he joins the board together with **George Cliffe**, md of Tarmac Roadstone Eastern, **John Glaves**, md of Tarmac Roadstone Central, and **Malcolm Whittle**, md of Tarmac Roadstone Southern. **Glyn Cartwright**, previously sales director at IG Lintels, has been appointed sales director of Tarmac Roofing Systems.

■ **Kevin Johnson**, formerly operations director of John Hine, has been appointed md of SPRING RAM's kitchen products subsidiary, Next Dimension.

■ **John Gibson**, formerly md of Grand Metropolitan's Peter's Savoury Products Group, has been appointed md of UNIGATE DAIRIES.

■ **Charles Koppelman** has been promoted to chairman and ceo of EMI Records Group, North America; **Joe Smith** is leaving when his contract expires at the end of March.

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Truth in mosaic

Susan Moore examines the influence of Tuscany on John Ruskin

Fervour and desperation are evident in equal measure at the Accademia Italiana's *Ruskin and Tuscany*. Looking around the show's rich mixture of Ruskin sketches and watercolour studies, his notebooks and letters, the silvery architectural daguerreotypes, the sepia photographs and the careful watercolours he commissioned from others, we have an acute sense of a bedazzled mind in overdrive.

There was not a fragment of masonry, sculpture, fresco – or even plant – that failed to engage his attention. "I am perpetually torn to bits by conflicting demands on me," he wrote to his father in 1845. In Lucca he gloried in "church fronts charged with heavenly sculpture and inlaid with whole histories in marble", but in such a parlous state of decay that he felt obliged to record them. At the Camposanto in Pisa he found that "everything architectural is tumbling to pieces, and everything artistical is fading away". Only rarely was there time to linger beyond the most cursory of drawings. "Fragments of everything from a Cupola to a Cartwheel," lamented his father, "all true – truth itself but Truth in mosaic."

The name of John Ruskin is more frequently associated with Venice, the Alps and the French cathedral towns than with Florence, Lucca, Pisa and Siena. Yet Ruskin was to make seven tours to Tuscany between 1840 and 1882. As the recent research of Jeanne Clegg and Paul Tucker reveals, his understanding of Tuscan art and culture was to play a central role in the development of his thought. For Ruskin, Tuscany was the cradle of modern civilisation, the meeting place of North and South, Greek and Gothic, Christian and infidel.

Whether in his writing or in his lectures, he constantly raised the spectre of early Renaissance Tuscany. Giotto's Campanile in Florence was "the model and mirror of perfect architecture", its carved panels, as he saw it, a testimony to the sacredness of labour. Jacopo della Quercia's tomb of Ilaria del Carretto in the Duomo at Lucca became his ideal of Christian sculpture – a sacred portrait of infinite peace. (His passion for this cool beauty was woven inextricably in his own mind with his devotion to the ill-fated young Rose La Touche, who quite sensibly spurned him.)

To illustrate the point that "Beautiful art can only be produced by people who have beautiful things around them," he would confect a romantic Pre-Raphaelite vision of medieval Pisa to contrast with the squalor of suburban Rochdale.

Tuscany was also a place of revelation. His 1845 trip, for instance, was conceived solely to come to grips with the religious art of the early Italian masters for the second volume of *Modern Painters*. Struck dumb with admiration and amazement in the Romanesque nave of San Frediano in Lucca, he was inspired "there and then on an instant" to embark on a life-long study of architecture.

The lion's share of the material on display was conceived or purchased for educational purposes. It is a dense show on a complex and maddeningly self-contradictory subject, but show and scholarly catalogue repay close attention. The only pity is that we cannot hear more of Ruskin's eloquent prose.

His protégé Edward Burne-Jones is represented by a slim offering, a watercolour copy of a fresco in Santa Croce. John Wharlton Bunney, a former pupil, proved more helpful, producing reams of painstaking architectural drawings and watercolours. The American Henry Roderick Newman is revealed to be a master of the art of reproducing porphyry and marble.

Ruskin's determination to document the region's rapidly disintegrating heritage never abated, and his last years saw him encouraging others to take up the cause. In 1886, for example, T.M. Rooke, a salaried copiest for the Guild of St George, was instructed to work "chiefly on things perishing". Ruskin made his last Tuscan tour the same year, accompanied by H.G. Collingwood, a former pupil, at Old haunts were re-visited and further dilapidations deplored.

Florence disgusted the ill and weary Ruskin more than ever: "Everywhere paviours, masons, ruin – degradation – folly and noise and" – a problem only too familiar to any later tourist – "the wretched Germans, English and Yankees busy upon it like dung-flies."

The South Door of the Duomo, Florence, by Henry Roderick Newman, 1881

Ruskin in Tuscany, sponsored by The Guild of St George with support from the Henry Moore Foundation, continues at the Accademia Italiana, London, until February 7. It travels to the Ruskin Gallery, Sheffield, February 20-April 10, and to the Fondazione Ragghianti, *Lucca, May 1-June 12*

Concerts/**Andrew Clements**

Boulez conducts in Birmingham

There can no better confirmation of the arrival of the City of Birmingham Symphony in the top international flight than Pierre Boulez's acceptance of an invitation to conduct the orchestra. For Simon Rattle, who has been largely responsible for the CBSO's present eminence and for whom playing under Boulez in the National Youth Orchestra 20 years ago was an important formative experience, it must be an immensely satisfying occasion.

Boulez is spending the best part of two weeks in Birmingham, conducting two CBSO programmes as well as working with students from the Birmingham Conservatoire and appearing with the Birmingham Contemporary Music Group. The programmes of Debussy, Stravinsky, Bartók and the Second Viennese School, as well as his own *Notations*, come from the core of Boulez's musical world. It is all repertory close to Rattle's heart also; at present there can be few European orchestras better equipped to respond to Boulez than the CBSO.

Certainly the verve with which he launched the first of Schoenberg's Five Orchestral Pieces in Symphony Hall on Thursday of last week could only have been achieved through complete familiarity and technical confidence. The later, more expressive Boulez emphasises the sinewy lyricism of these pieces and in the process demonstrates just how important a model they were for Alban Berg; but that still does not preclude him from balancing the colour chords of the "Farben" movement with absolute precision, or marshalling the counterpoints of "The endless recitative" with uncompromising directness.

There was Webern in both concerts. In Thursday's the two Cantatas Opp. 31 and 29 framed the orchestral Variations Op. 30 and slightly misfired: an unannounced change of programme order did not help the audience's concentration, but there was still something didactic about Boulez's Webern, however much he gave dramatic life to the choral textures (from the BBC Singers) in the cantatas or underpinned the soloists (Sarah Leonard and Robert Hayward, both faultless) with vivid detail. In the Variations there was still the feeling of emphasising compositional intricacy over expressive force. The freedom with which Boulez conducts Schoenberg and Berg nowadays seemed not yet percolated through to their compatriot, yet the second concert this Wednesday opened with as effective and direct an account of the Op 1 *Passacaglia* as could be imagined, built up from the slowest of beginnings to a fierce, challenging climax.

Petrushka ended the first concert, given as always by Boulez in the original 1911 version with quadruple wind. The CBSO was on top of every bar, wonderfully pungent in its solos (eloquent flute, piano, clarinets and trumpets) and exact in its ensemble. Boulez combined rhythmic accuracy with exquisite refinement – ravishing in the delicate folk counterpoints of the first tableau and in the lapping impressionist washes of the last, which seem like the Stravinskyan equivalent of a vamp-till-ready. In the closing pages every element was made to tell, with no question of anything but the most acute and searching dramatic sense informing every note.

The second programme was rounded off with a flourish by *Notations*, a brilliant orchestral showpiece which has surely become the most performed of all Boulez's works. There was a sample of his unsentimentally eloquent Debussy too in the shape of the *Nocturnes* and a staggeringly accurate account of Bartók's First Piano Concerto with Krystian Zimerman as the perfectly cast soloist. Zimerman is a wonderful foil to Boulez's keenly perceptive accompaniment, just as vigilant and scrupulous in his own balancing of textures, just as exact in his rhythmic sense and technical address. The CBSO responded with equal alertness; even in a brace of concerts pitched at the very highest level of accomplishment, the concerto was very special indeed.

Symphony Hall, Birmingham; further concerts January 26 (Birmingham), 27 (London)

Theatre/**Alastair Macaulay**

The Hypochondriac

Few great artists have relied so much upon formula as Molière. True, when he made a play like *The Misanthrope*, he created a protagonist and a dilemma that are still startling. But in many other plays he gave us age-old plots that circle around such archetypes as the miserly old pantaloon, the two young lovers whose love is thwarted by the older generation, the quack doctor, and so on. We seem to have known these characters all our lives, and yet Molière's impishness is such that we hang both on the suspense of the old plot and on the fun of the detail that makes it new.

Cambridge Theatre Company's new production of *The Hypochondriac* has Gerard Murphy both as translator and playing the title role. Here he is, self-mollycoddled in shawls and kerchiefs, savouring his doctors' bills (for "a full, penetrative, colonic irrigation . . . a cathartic douche, to dispel Sir's wind"); I laugh all the more to recall that this time last year I was watching him as Oedipus, heroic, noble and shattered. As Argan, he looks like a fretful old pug. Occasionally he applies too much virtuosity of breathcontrol and vocal colour, but his nervous force is the production's lynchpin.

His translation catches the lively banter of Molière's prose. A pity that he translates "bagatelles" as "bullshit." "Foul" language blunts the fun of Argan's fascination with his own bowels. ("Have I excreted much bile?" he asks tenderly.) Murphy's version also, audaciously, includes the play's musical prologue, interludes and finale, and brings them off, if not with musical finesse, at least with comic panache

Although the director, Nick Philippou, had to leave the production in the last week of rehearsals "for personal reasons," the company gives him full credit. As it stands, this *Hypochondriac* has plenty of energy, and its audience is kept laughing aloud from first to last. Some problems arise in having seven actors play all the roles in a play that already has characters appearing in disguise; and when Damon Shaw (a tall man) appears as Argan's little daughter Louison things tip over briefly into the wrong kind of buffoonery.

As the maid Toinette, Kathy Burke is not your traditional pert chit, but a loud, broad Eastender with vowels that could bat for England. She never steps out of character, and she becomes the production's second cornerstone. Debra Gillett and James Dreyfus, as Argan's daughter Angelique and her lover Cléante, steer a suave path between sincere ardour and mischievous exaggeration. The way that he, when pretending to be her singing-master, hurls veiled hints of his vexation at her family comes close to *Fawlty Towers* extremism, but is irresistibly funny. Moggie Douglas's designs combine economy, stylishness and satire.

On tour until March 6

Ballet/**Clement Crisp**

Homage to Tchaikovsky

Nothing that I have seen thus far during the Bolshoy's season at the Albert Hall persuades me that ballet is anything like itself when served up to audiences on the vast platter of the present stage. Not that dancing cannot "work" under these surroundings: the Japanese musicians and dancers of the Gagaku troupe, and Merce Cunningham's Prom appearance a few years ago, showed how engrossing and absolutely communicative dance can be in this arena. But neither of these troupes was proscenium-bound: Cunningham has ever propounded freedom of visual choice for his public; Gagaku is court ritual and meant to be seen in the round.

Classical choreography, though, is an art in which the creator is centrally concerned with what his audience must see. Making ballet implies an editorial function, stressing incident or step so that the audience is given maximum access to the creator's intentions. (It is a serious problem in televising and filming ballet when directors seek to show what they think important, which runs counter to the logic of the dance itself. A series of hectic films of Balanchine ballets, made in Germany in the 1960s, are testimony to directorial arrogance, and excruciating as records of the choreography).

The Bolshoy's *Homage to Tchaikovsky* programme, which I saw on Wednesday, comprises acts from the composer's three ballets. The stage conditions made them seem ceremonies rather than performances, from which one might pick out certain fascinating elements. I have already reported on the *Nutcracker* – with some regret, since the charm of Yury Grigorovich's staging evaporates into the hall.

The *Sleeping Beauty* suite offered the last act divertissements preceded by the peasant waltz, and the effect was as if Petipa's (and Tchaikovsky's) essence had been massively diluted. The fairy-tale characters came disconsolately on like the first guests at a costume ball – funereal tempi adopted for the Bluebirds made this lovely duet seem exhausted – while Aurora and her Prince (Nadezhda Gracheva and Andrey Uvarov) looked as if they were plighting their troth on Salisbury Plain. My interest was held, though, by Uvarov; even under these circumstances, he is a remarkably fine dancer. Tall, possessed of a strong and elegant technique, he is a true *premier danseur classique* – rarest of beings – with that largeness and harmony of style that only Russian training can give. We have much to expect from him. As also from Nikolay Tsitskaridze, who soared through the pretty waltz that tells the story of Cinderella and her prince. Tsitskaridze's dance is fluent, with beautiful physical manners bringing lustre to the simplest academic step. It is clear from this season, whatever else may be unclear, that the Bolshoy has a new generation of gifted young men: Sergey Filin and Yury Klevtsov are also noteworthy talents.

If nothing else, it is clear from this season at the Albert Hall that the Bolshoy has a new generation of gifted young men

The second act of *Swan Lake*, which completed the evening, became a plotless and dam' near abstract ballet. It was handsome to look at. The Bolshoy women excite our admiration by the grace of their training, and the lines of swans were impeccable. Nina Semizorova was a cool and academically admirable Odette. The effect of so much white costuming and of a pallid back-cloth, of the faint shadows cast on the stage, was anaemic. I thought of other, grandly moving Bolshoy *Swan Lakes* – with Plisetskaya and Bessmertnova, with Semenyaka, and in a priceless film fragment with the legendary Semyonova (still coaching, and in London with the company), and I wanted to see the Bolshoy Ballet in *Swan Lake* rather than this dutiful visit to the dear departed's grave.

The Bolshoy Ballet continues at the Royal Albert Hall until Feb 14. Programmes change daily.

Recital/**Max Loppert**

Kurt Equiluz

Kurt Equiluz has for many years been a famous exponent of Bach's oratorios in all the world's important Bach-performing cities. As a Lieder singer he is much less widely known. Tuesday's recital at the Wigmore Hall was his first in London – a remarkable and, indeed, memorable debut in more ways than one. According to the *New Grove Dictionary of Opera* the Austrian tenor is only a few months short of his 64th birthday, an unusual age for a singer to be confronting new audiences; but it seems Mr Equiluz won many admirers during his recent spell of teaching at the Pears-Britten School in Aldeburgh, who persuaded him that his wares simply had to be displayed further afield.

They were absolutely right. Lieder-singing of this kind and quality is unfamiliar. The kind is perhaps not to every taste. Mr Equiluz's instrument is extraordinarily well preserved, and used with a skill that affords in itself a sort of master-class *vivant*; but it has little flesh left on the tone, juice in the timbre, and therefore allows him little room for expansiveness or physical exultancy.

Every line comes out "light" – but as it is a lightness turned unfailingly to artistic ends, Mr Equiluz's singing of Schubert, Wolf, Joseph Marx and Strauss swiftly moves his audience worlds away from the modern mode of Lieder-listening. He operates with absolute confidence according to the "less is more" maxim: the slenderness of the sound is allied to the utmost precision of tonal and verbal shading, to a wonderful charm and delicacy in every phrase and sentence.

In the opening Schubert songs – "Liebesbotschaft" and "Ständchen", from the *Schwanengesang* – one could almost feel the dimensions of an already intimate and welcoming performing space shrinking still further around the voice and the personality. In the best way, the "domestic" communicative side of Lieder-singing seemed to be reawakened. Wolf thus treated, Wolf not dressed up with bright interpretative lights and expert cosmetic applications, is a revelation.

True, there were a few songs on the programme (properly requiring a greater degree of vocal weight and emotional force than Mr Equiluz could summon; and certainly, the voice was not always treated with the appropriate tact by Margot Fussi's meaty piano-playing. But altogether this was an experience of rare and delightful freshness. I could easily imagine Mr Equiluz becoming a cult figure among London's Lieder-loving public.

INTERNATIONAL ARTS GUIDE

The Berlin Philharmonic Orchestra, with its chief conductor Claudio Abbado, gives a Brahms cycle in Paris next month, followed by a tour of Italy. The Paris visit consists of five concerts at Salle Pleyel beginning on February 8 with the First Piano Concerto and Third Symphony, and ending on February 13 with the Second Piano Concerto and Second Symphony.

The soloist on both occasions is Maurizio Pollini. The cycle also includes the other two symphonies, the Deutsches Requiem, the Violin Concerto (Maxim Vengerov) and Double Concerto.

The Italian tour opens on February 15 at La Scala, Milan, and continues to Naples, Rome, Bologna, Ravenna and Reggio Emilia, with works by Beethoven, Brahms and Richard Strauss.

The orchestra returns to Berlin at the end of February for a programme of music inspired by Hölderlin, followed in early March by concert performances of Falstaff, conducted by Georg Solti, with José van Dam in the title role.

Another major orchestra on tour in coming weeks will be the San Francisco Symphony, which gives two concerts at Carnegie Hall, New York (March 8 and 9), before embarking on an eight-city tour of Europe (March 13-25) with its music director Herbert Blomstedt.

A highlight of the tour will be the New York and European premieres of a new Oboe Concerto by American composer John Harbison, to be played by the orchestra's principal oboeist William Bennett.

The European tour opens with two concerts in Frankfurt, followed by Vienna, Brussels, Hamburg, Berlin, Copenhagen, London and Birmingham. The programmes will include works by Copland, Bruckner, Sibelius and Stravinsky.

The BBC Scottish Symphony Orchestra visits Germany in March with its principal conductor Jerzy Maksymiuk, starting with a concert in Kiel (March 2), and continuing to Bremen, Leverkusen, Viersen, Frankfurt, Stuttgart and Regensburg (March 10).

The tour repertoire includes music by Shostakovich, Wagner, Nielsen and Scottish composer John Maxwell Geddes.

EXHIBITIONS GUIDE

AMSTERDAM
Rijksmuseum Art, Expertise and Trade: a behind-the-scenes view of the gallery of J H de Bois, who made an international name in the early 20th century with his trend-setting transactions and exhibitions of contemporary art. The selection of more than 100 works handled by De Bois includes paintings by Van Gogh and Kollwitz, as well as some privately-owned works which have never previously been exhibited. Ends May 2. Also North Netherlandish Art 1580-1620. Ends March 7. Gao Qipei (1660-1734) and the Art of Chinese finger painting. Ends Feb 28. Closed Mon
Van Gogh Museum Glasgow 1900. Ends Feb 7. Daily

BARCELONA
Fundacio Joan Miró Wilfredo Lam: 60 paintings produced between 1930 and 1970 by the Cuban artist, reconciling the artistic vigour of Latin America and Africa with the European avant-garde that Lam came into contact with in the 1930s through Picasso and others. Ends March 28. Closed Mon
Palau de la Virreina David Hockney: 73 paintings. Ends Feb 28. Daily
Fundacio Caixa de Catalunya *Photographic Reporting behind the Iron Curtain 1945-90*. Ends Feb 10. Closed Mon

BERLIN
Neue Nationalgalerie After Guernica: major Picasso exhibition focusing on the 1950s. Ends Feb 21. Closed Mon
Alte Nationalgalerie The Collection of Count Raczynski: Paintings of the late Romantic era. Ends Feb 14. Also Art in Germany 1905-37. Ends April. Closed Mon and Tues

FORT WORTH
Kimbell Art Museum Bassano: a major exhibition first mounted in Bassano del Grappa last year to celebrate the artist's 400th anniversary. Several additions to this latest showing include The Miraculous Draught of Fishes and four paintings of the Noah story. Ends April 24

GENEVA
Musée d'art et d'histoire Egyptian Blue: a collection of glazed earthenware from ancient Egypt, including statuettes, ritual vessels and washing implements, all coloured with the turquoise-blue characteristic of the epoch. Ends Sep 19. Also Between Byzantium and Islam: objects in clay and bronze discovered during recent archaeological work in Jordan, including mosaics from a Byzantine church. Ends Feb 21. Closed Mon
Musée Barbier-Mueller Art of the Salomon Islands: a selection of the museum's own rich collection of art from the west Pacific, including sculptures, ceremonial weapons, jewellery and everyday objects. Ends Feb 16. Daily

LAUSANNE
Fondation de l'Hermitage From David to Picasso: 200 paintings, drawings and sculptures from the rich collection of the Musée de Grenoble. Ends March 21. Closed Mon

LISBON
Centre of Modern Arts Max Ernst: 260 works by the German-born Surrealist. Ends March 28. Closed Mon (Gulbenkian Foundation)

LONDON
Hayward Gallery The changing condition of sculpture 1965-75: a major exhibition of international contemporary sculpture, exploring the decade which witnessed the maturity of Minimalism and the emergence of Conceptual Art. It includes 80 works by 20 influential artists, including Joseph Beuys, Richard Long, Barry Flanagan, Bruce Nauman and representatives of Arte Povera. Ends March 14. Daily
National Gallery Munch: The Frieze of Life. Advance booking through First Call 071-497 9977. Ends Feb 7. Also Robert Campin: the fourth of the Brief Encounters series brings together two related works by the early Netherlandish painter – The Virgin and Child in an Interior from the Gallery's own collection, and a diptych lent by the St Petersburg Hermitage, showing The Trinity and a similar Virgin and Child. Ends March 28. Daily
Royal Academy of Arts The Great Age of British Watercolours 1750-1880. Ends April 11. Also Sickert retrospective. Ends Feb 14. Daily
Accademia Italiana Ruskin and Tuscany. Ends Feb 7. Daily
Tate Gallery Visualising *Masculinities: the male body* in art since the mid-19th century. Ends June 6. Daily
British Museum Howard Carter: before Tutenkhamun. Ends May 31. Daily
Design Museum Scandanavian design in Britain 1930-70. Also New Directions in Scandanavian Design. Ends Feb 28. Closed Mon

MANCHESTER
Whitworth Art Gallery Romantic Landscapes from Norway: 120 oil studies, watercolours and drawings by Johan Christian Dahl (1788-1857) and Thomas Fearnley (1802-1842). This is the first exhibition in Britain of two outstanding Norwegian landscape painters. Ends March 27. Closed Sun

MUNICH
Kunsthalle der Hypo-Kulturstiftung Frederick the Great: an exhibition illustrating the 18th century Prussian king's relationship with art and artists. Ends Feb 28.

NANCY
Musée des Beaux-Arts Art in Lorraine 1892-1950: more than 30 painters are represented in this thematic retrospective, showing the richness and diversity of the region's art and its links with the major movements of the period. Ends April 18. Closed Tues

NEW YORK
Metropolitan Museum of Art Ancient Near Eastern Treasures in the Louvre. Ends March 7. Also A Peruvian Lord's Tomb: third century adornments made by the Moche people of Peru. Ends July 4. Closed Mon
Whitney Museum of American Art The Geometric Tradition in 20th century American Art. Ends Feb 14. Closed Mon

PARIS
Musée d'Art Moderne de la Ville de Paris Figures du Moderne: 450 works by Kandinsky, Franz Marc, Nolde and other Expressionists. Ends March 14. Closed Mon, late opening Wed (11 ave du President Wilson)
Musée d'Orsay Sisley. Ends Jan 31. Closed Mon, late opening Thurs (quai Anatole France)
Louvre Byzantine Art. Ends Feb 1 (Hall Napoleon). Veronese's *The Marriage at Cana*. Ends March 29 (Salle des Fêtes). Closed Tues
Petit Palais French drawings of the 18th century. Ends Feb 14. Closed Mon (ave Winston Churchill)
Musée Picasso Crucifixion: an exhibition built around Picasso's masterpiece of 1930, and including works by Bacon, Sutherland and de Kooning which were influenced by it. Ends March 1. Closed Tues

WASHINGTON
National Gallery of Art Watson and the Shark. Ends April 11. Also The Greek Miracle: *Classical Sculpture from the Fifth Century BC*. Ends Feb 7. Contemporary Drawings and Prints from the Permanent Collection: 123 works by David Hockney, Jasper Johns and others. Ends March 14. Daily
National Portrait Gallery Rembrandt Peale (1778-1860). Ends Feb 7. Daily
Phillips Collection Georgia O'Keeffe and Alfred Stieglitz: a conversation in paintings and photographs 1918-30. Ends April 4. Daily

Minister sans frontières

Bernard Kouchner, head of France's humanitarian aid, talks to **David Buchan** and **Alice Rawsthorn**

The French government's 53-year-old boy adventurer has done it again. Earlier this week Mr Bernard Kouchner, France's humanitarian aid minister, got 33 Bosnian Moslems prisoners freed in exchange for the same number of Serb prisoners.

Some cynics carped that Mr Kouchner was just on another ego trip, while at the same time trying to save the face of Mr Roland Dumas, the French foreign minister who had rashly claimed that France would liberate the Bosnian POW camps by force, and by itself, if necessary.

But in an interview just before he left for Bosnia, Mr Kouchner disclaimed any such tawdry political calculations. "People are suffering in the [Bosnian] camps," said France's modern-day Scarlet Pimpernel. For him, the moral obligation is to act, and act speedily. "Don't wait, don't ask for clearance – just go," is still his motto, he says.

Mr Kouchner has proved impulsive in his five years as France's humanitarian aid minister, just as he was after 1971 when he established Médecins Sans Frontières to spirit himself and other crusading French doctors across frontiers and battlelines into Biafra, *Afghanistan, and Vietnam.* This impulsiveness in a noble cause, combining the methods of a Tintin with the goals of Mother Teresa, has put Mr Kouchner at the top of the French opinion polls.

He is clear why his brand of emergency aid has struck such a chord. "It is direct, palpable... perhaps too superficial, but compared to the hackneyed way politicians describe the world it speaks to people, especially to the young... it seems to be more moral than traditional political approaches." Above all, for western youth with dismal economic prospects at home, it is, says Mr Kouchner, "a vision, a style, an adventure".

His method, he concedes, is far more gripping than long-term development aid, which tends to produce long-term results. He readily admits the need for "le follow-up", for development aid, but it requires "another kind of courage, perseverance". He stresses that, in Somalia, he is already turning over some of his ministry's emergency aid *money to development organi*sations to revive the economy, once US and French troops have re-established order.

The other ingredient of Kouchnerism is the media. His partner happens to be Christine Ockrent, the doyenne of the new French breed of bright and beautiful television executives. Mr Kouchner is anything but camera-shy himself. Last month he overdid it, wading ashore in Somalia with a bag of rice on his back for the benefit of the massed cameras.

Not camera shy: Kouchner wades ashore in Somalia

He has long exploited the power of the small screen to excite compassion. Indeed, the reason some of his co-founders of Medécins Sans Frontières parted company with him was that they thought he was wrapping efforts to rescue Vietnamese boat people in too much media-hype. He then founded Médecins du Monde, which has run a poster campaign in France likening Mr Slobodan Milosevic, the Serbian leader, to Adolf Hitler, a comparison which Mr Kouchner finds excessive.

Yet, for Mr Kouchner, "showbiz" is a vital part of whipping up and sustaining public support for humanitarian aid. European Community officials *have been irritated at the way* the French minister sometimes jets in, complete with TV camera crew, to take credit wherever EC relief aid is being delivered. And why not? he retorts. "After all 23 per cent of all EC aid is paid for by France," he says, adding condescendingly: "I can understand why the people in Brussels do not know how to sell their aid – they are bureaucrats."

Almost as despicable a term, for Mr Kouchner, is the word "establishment". Yet, he has had a big influence on it. He has become the favourite of President Mitterrand's waning years in office. This is partly because he has a soulmate in Danielle, the president's wife, with whom he has visited Kurdish refugees in Iraq. But Mr Mitterrand also sees him as the one bright spot in a Socialist administration heavily tarnished by scandal. So the president has increasingly given Mr Kouchner his head.

In sending troops to Somalia last month, the president sided with his aid minister, and against Mr Pierre Joxe, his defence minister, who argued that French forces were overstretched already. "You have *to understand Joxe,"* says Mr Kouchner in a fit of post-victory compassion. "He has to manage all the troops being called on by the UN. I push, he brakes, that is normal."

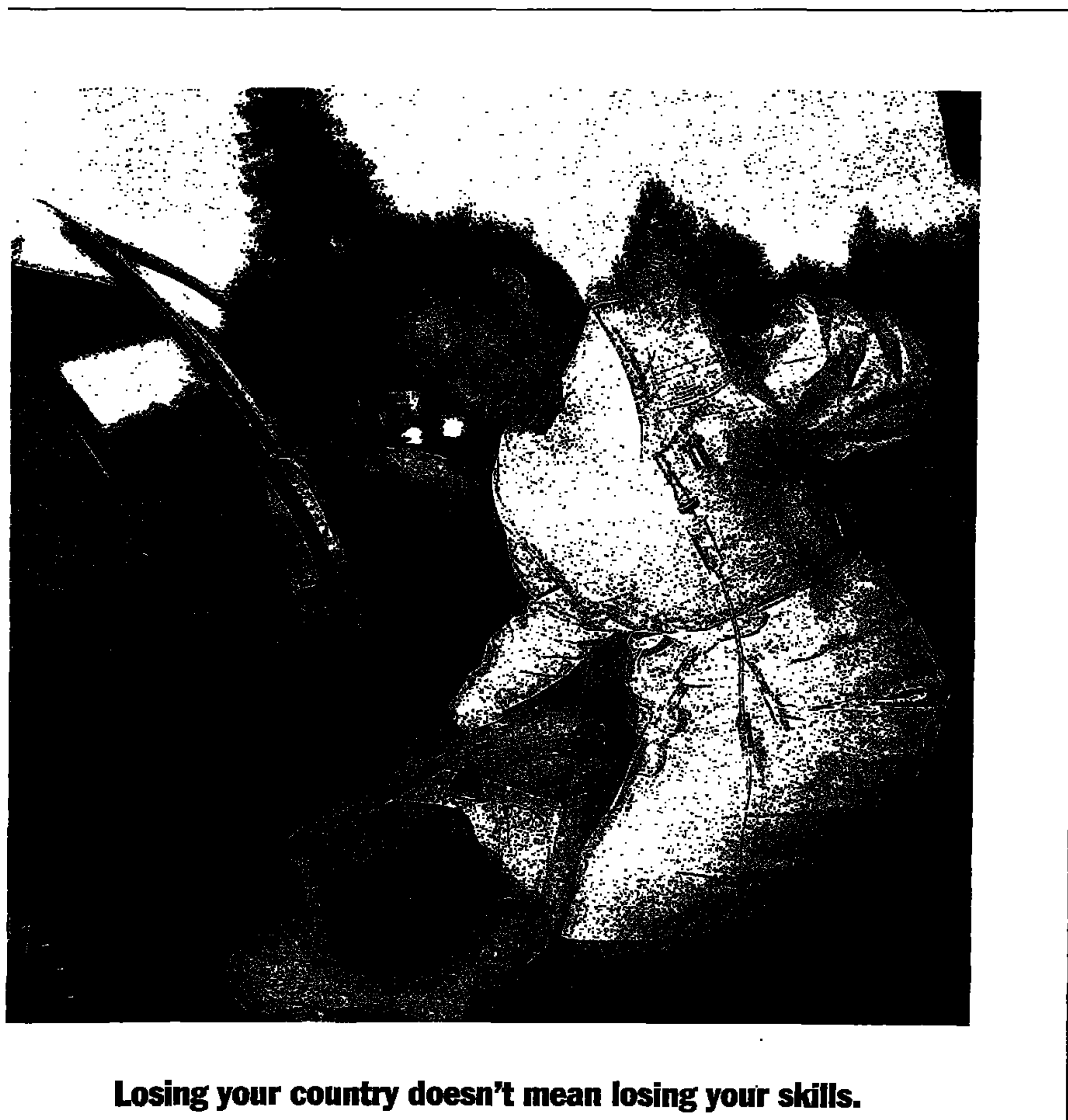
But the upshot is that France now has more troops – over 10,000 – than any other country in the UN (mainly in Bosnia, Cambodia and Somalia). For Mr Kouchner, this doctrine of "humanitarian intervention" has made fantastic progress. "We *[French doctors]* used to be considered boy scouts – now states intervene under the UN flag."

A final Kouchner victory came last week with the announcement that future conscripts could do a 16-month *"humanitarian service" in the* third world, instead of serving their 11 months in the French army. "I campaigned nine years for this," says Mr Kouchner, pointing out that he receives 25,000 requests a year from conscripts asking him for a "do-good" alternative.

Mr Kouchner is unique among European ministers responsible for humanitarian aid in that, unlike them, his other charge is not development aid, but the health ministry. This puts him outside the foreign policy establishment – and that is where he wants to stay. He refused Prime Minister Pierre Bérégovoy's suggestion last autumn that he should take on the development aid ministry as well. "I felt it better to stay with health", as a doctor among doctors, who "do not have to take account of frontiers and political realities". In any case, he points out, "60 to 70 per cent of humanitarian aid is carried out around medicine".

Drab normality may soon reassert itself, if the conservative opposition wins the March election. "The right have asked me to stay on," says Mr Kouchner, who claims to be "of the left" but wears no party label and is not standing for election. He declined. He suspects that a conservative government would put humanitarian aid back under the control of the Quai d'Orsay. Furthermore, "after five years in office, I want to come back for one or two years to reality and normality". What does this comprise? "Hospital work, sun, humanitarian missions, setting up a foundation, thinking, writing, looking at women."

"I might return to politics in time for the presidential election [in 1995]." To stand in his own right for the Elysée? "No, I intend to stand beside someone else." Beside whom, he will not say, except to admit *that he is "very close" to* Mr Michel Rocard, the likely Socialist standard-bearer. Certainly, a Socialist candidate in 1995 may need all the lustre that Kouchner can lend.



Joe Rogaly

Yes, but no sax appeal

Here's a thought that may have crossed the mind of Britain's prime minister: there are 2,535 days, *or just over 83* months, to go to the turn of the century. Who will be in the important seats of power then? I can think of just three incumbent politicians who may reasonably fancy their chances of holding on until at least January 1 2000. They are: President Bill Clinton, Mr John Major and, of course, Mr Saddam Hussein.

Very well, strike out the latter. The notion is too depressing. What is certain is that by the end of this decade France will have a new president, Germany a new chancellor, Italy a fresh prime minister and the European Commission a president other than Mr Jacques Delors. Even Spain will probably have a different head of government.

Most of the above changes are likely to take place within the next two or three years. That would clear away the present generation of continental west European leaders – and with it the Kohl-Mitterrand duet. A different cast would be in place comfortably in advance of the next British general election, which need not be held until 1996 or 1997. The new US president and the relatively new British prime minister might, however, sit in their present chairs until the millennium.

When writing such words you should always keep your fingers crossed, throw a pinch of salt over your left shoulder, chant a few spells, and pepper the air with phrases about not tempting fate. It is far too early to start guessing whether Mr Clinton will win again in 1996. Yet while Wednesday's inaugural speech may have sounded corny to British ears (it *was* corny), only crusty old cynics can fail to have envied the wide-eyed optimism in Washington. The new president may turn out to be a disaster, but he should at least be given his first 100 days of grace.

Mr Major is another story. Memories of the mishaps of 1992 are still fresh. The conventional wisdom is that, one way or another, he will be tripped up before long. I think not. The prime minister has started the new year in combative form, as his performance in the House of Commons shows. He seems revitalised. This is not self-delusion. He faces no challenger today, and looks set to win in the future. He can hope for a modicum of economic recovery in spite of yesterday's increase in unemployment to nearly 3m. He can rely on the redrawing of constituency boundaries in the Conservatives' favour. He can reasonably calculate that Labour will fail to renew itself. Meanwhile, he can work hard in 1993 to regain the authority he lost in 1992.

Major will insist, until the cows come home, that the Citizen's Charter is improving public services

That is what he is doing. To understand his methods, we must look back. When he arrived in Number 10 Downing Street just over two years ago, Mr Major was young, well-liked, and good on television. He would have done well to celebrate by playing a saxophone and talking of change. Yet he could not then make Clintonesque speeches about a younger generation. He was disbarred by political necessity from invoking the spirit of renewal. He was obliged to speak of continuity, and *publicly to honour* his predecessor. His first task was to maintain the unity of the Conservative party.

It remains his first task. The Tory schism over Europe, which destroyed his predecessor, has almost devoured him. On one crucial *Maastricht* vote, on November 4, his majority was reduced to three. He must maintain the delicate balance achieved on that terrible night until the bill is safely through. Then he may relax, but just for a moment. If he is prudent he will avoid *talk of* rejoining the exchange rate mechanism until after the next election, in spite of his preference for managed exchange rates. If he is lucky, the ERM will have imploded before he has to make a choice; if he is ill-starred, all circumstances save the condition of the Conservative party will be favourable to re-entry.

Meanwhile the debate on the political structure of the new Europe could change in his favour. A review of the *Maastricht treaty is due* in 1996. In theory that could reopen Tory wounds. But Mr Major is taking out insurance this year. He is preparing papers that envisage a loose government-to-government structure and an open Europe, stretching from the Atlantic to the Russian border. When the 1996 inter-governmental conference comes along, and all the faces except Mr Major's are new, he can try to move the European Union further along that Thatcherite trail. Call it good tactics, or call it perfidious Albion. The result is the same.

There is little that the prime minister *can do to meet* the criticism that he is not leading us anywhere. He inherited a 13-year-old administration. He did not create a new one from scratch. He did not have the luxury of a period of opposition in which to invent new slogans, new strategies, new constructions of the liberal market economy. Yet all is not lost. "Placing Britain at the heart of Europe" has had less of a ring to it since Black Wednesday, but it may still be serviceable if the European debate moves along the lines suggested above.

Anyhow, seen from Mr Major's point of view, his government is doing a lot. The health reforms are bedding down. Far-reaching education reforms are being put in place, albeit not smoothly. The structure of local government is being rationalised. (But the establishment of larger units does not strengthen local government if at the same time its finances are constrained and its powers over housing, education and *possibly the police are* removed.) Contracting out of white-collar civil service jobs is moving ahead. The prime minister will insist, until the cows come home, that the Citizen's Charter is improving publicly financed services. His latest initiative, which will be promoted as a 1990s "bonfire of controls", is a welcome search for industrial regulations that can be scrapped. *The budget* will probably include supply-side initiatives that can be said to favour manufacturing.

Mr Major has acknowledged that he has not found the words to depict this collection of programmes, most of which I applaud, as a grand campaign. I wonder if it would do any good if he did. Mr Clinton could announce without shame that "Americans have ever been a restless, questing, hopeful people". Are the British?

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

Fax 071 873 5938. Letters transmitted should be clearly typed and not hand written. *Please set fax for finest resolution*

Contracting out not affected by judgment

From Mr Michael Forsyth MP.

Sir, Your labour editor has drawn attention ("EC setback for ministers on contracting-out", January 18) to a recent case in the European Court of Justice, Rask v ISS Kantineservice A/S. It was suggested that the judgment in this case means that the EC Acquired Rights Directive applies when a service is contracted out. In *fact the judgment went no fur*ther than to confirm that the directive is capable, in principle, of applying in such cases. There is nothing new in this. The judgment specifically left it to the Danish courts to decide, on the facts of the case, whether a transfer of an undertaking had taken place.

The Rask case therefore makes no difference to the position which has been long understood, that employees will only have rights under the directive if the undertaking in which they work has been transferred as a going concern. If no more than a contract to provide a service has been transferred, the directive does not apply. The Rask judgment does not therefore have the effect of applying the directive to contracting out, any more than it applied in such cases before.

Michael Forsyth,
Minister of State for Employment,
Department of Employment,
Caxton House,
Tothill Street, London SW1

Mortgage relief alternative

From A E W Hudson.

Sir, Re your article "The threat to interest relief on mortgages" (January 16) and current speculation on budget requirements prompts me to suggest a simple approach limiting relief to earlier years of home ownership, namely:

- relief to be available only for 10 years after first purchase, (or for five years after April 1 1993 *for existing qualifying* mortgages).
- future first-time buyers after April 1 1993 to be eligible for relief on £40,000; this level to be open for budget revision every four years.
- relief to be available on subsequent qualifying house purchases within the time period defined above, but only at the level initially allowed.

A E W Hudson,
Princess House,
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Manchester M1 6DD

Coal: cabinet tinkering while competition should be the aim

From Mr Peter Carver.

Sir, One of the justifications often advanced by ministers for the government's privatisation programme was the removal of the various undertakings' tariffs to a place of safety in the private sector. No longer, we were told, would cabinets be able to tinker with utilities' prices to achieve fiscal objectives as they had done in the past.

Politicians should re-read their old speeches before they adopt the pusillanimous option *of subsiding coal through a* levy on electricity bills. The honest approach would be to identify any assistance as a component of the public sector borrowing requirement.

That would have the added virtue of avoiding an unfair hike in the running costs of my members' many products to the artificial benefit of the gas appliance and supply industry.

Peter Carver,
Association of Manufacturers of Domestic Electrical Appliances,
Leicester House,
8 Leicester Street,
London WC2H 7BN

From I A Patrick.

Sir, Mr J D Meads (Letters, January 20) correctly points out that, with no competition from imported coal or any other energy source, British Coal could produce 60m tonnes of coal a year profitably. This is not the point.

Competition is fundamental to allow a consumer choice and, regrettably for coal, competitive sources of fuel are, and must, remain available. Mr Meads goes on to cast gas as the main culprit for the demise *of the UK coal* industry, but care must be taken in making sweeping assertions about an industry as large and diversified as the offshore gas industry which has many jobs at stake in the current energy review.

Under the currently contemplated five-year coal contracts, the limit of 40m tonnes a year falling to 30m tonnes is set by the size of the franchise market for electricity, of which nearly 40 per cent will by 1995 be accounted for by those gas-fired generating stations with long-term take or pay contracts with the regional electricity companies. It is, however, important to recognise that not all gas-fired power stations supply the franchise market and those which do not (owned by National Power and PowerGen) have no impact on the five-year coal contracts under consideration. The current debate has had a severe and unjustifiable impact on the development of these stations, such as at Connahs Quay in Clwyd, with enormous implications for loss of investment and new jobs.

The only thing preventing British Coal increasing its output beyond the level of the five-year contract is its inability to compete with imported coal. All our efforts must be directed to making British Coal internationally competitive *rather than trying to shut* down competing industry in the UK particularly at a time when we can ill afford to lose jobs in any industry, be it coal, nuclear or oil and gas.

I A Patrick,
commercial director,
Monument Oil and Gas,
80 Petty France,
London SW1H 9EX

The real nature and scale of IBM's problems

From Mr Daniel Trimmer.

Sir, The FT's various commentaries on IBM and its record losses reflect widespread misunderstanding as to both the nature and the scale of the corporation's problems.

IBM's troubles have been brewing for a very long time. For two decades, IBM has been suffering an erosion of relative market share. For nearly half of that time, under the chairmanship of John Akers, the profit-spinning mainframe side of the business has been virtually stagnant. In the computer industry, these are extremely long time-frames. IBM itself, not being entirely stupid, has been well aware of the trends. Yet, virtually nothing effective has been done to meet the changing world.

The commonly cited issue of IBM's size is irrelevant. If IBM grew to be a certain size by meeting market requirements, it cannot follow that it is suddenly too big to meet the needs of what are by and large the same customers. Breaking IBM into smaller units, each with management even worse than that enjoyed by the corporation overall, will not solve the problem.

The roots of IBM's problems have little to do with technology and everything to do with culture and ethics. By fostering a paternalistic, *conformist* culture which is light-years away from competitive capitalism, and by trying to tie customers for new types of items to old or proprietary products (in networking and operating systems, for example), IBM has magnified, not lessened, its grief.

The corporation's inability to work well with new types of marketeers to distribute low-end *products is part of this* "enclosed" mentality.

IBM's future is indeed grim, but more accurate analysis by the press might help both computer users and the industry (including IBM) to see the issues more clearly.

Daniel Trimmer,
7 Milton Way,
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Surrey KT22 9HY

Dockland heritage enriched, not destroyed

From Mr Howard Sheppard.

Sir, Brian Gill's depiction of *London's diminishing built* heritage in the dockland area was misleading in the extreme (Letters, January 14).

Contrary to what he suggests, when the Department of the Environment was invited in 1981 by the newly created *Docklands Development Corpo*ration to survey every building in its jurisdiction, no buildings of architectural or historical merit were identified on St George's Wharf, Deptford. However, 115 previously overlooked buildings in the Docklands area were listed, adding substantially to the existing *list* compiled in 1973.

Since 1981, further research has shed light on many other buildings and artefacts which have proved to be of historic or architectural value. The corporation has wasted no time in having these spot-listed. On St George's Wharf, for instance, the LDDC has repaired and restored an old brick wall and parish boundary stone dating from 1819. These were spot-listed in July of last year.

It was not too long ago that the old dock buildings were being pulled down and the docks filled in, *without any* regard to their potential significance. In the 11 years of the corporation's existence, however, that trend has been reversed. The preservation and conservation work carried out by the LDDC has ensured that London's heritage in docklands, far from being destroyed, is being enriched.

Howard Sheppard,
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FINANCIAL TIMES

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Friday January 22 1993

Harsh fare for the jobless

THE UK government, poorly advised by civil servants and City economists steeped in the conventional economic wisdom, miscalculated the length and depth of recession. It now risks overestimating the speed of recovery. Yesterday's Treasury statement, pointing out that most independent forecasters expect a return to growth this year, can hardly have cheered the 60,000 ex-workers who joined the unemployment register last month.

The first priority of the government's new unemployment policy should be to give the economy another kick quite soon. The Treasury *is right* to counsel against interpreting November's 0.5 per cent fall in manufacturing output as evidence that the recession is still deepening. But the Treasury has been saying the same thing for months, while the economy remains flat on its back, with scant evidence to suggest that it is going to get up again soon.

The one piece of good news is the swift fall in the rate of increase of average earnings. The government now has room to cut interest rates once more, despite the slight slip in sterling's exchange rate over the past week. It should do so, assuming, heroically perhaps, that the Treasury can raise rates once more if earnings start to pick up.

Yet both history and the practices of British wage-bargaining suggest that cuts in interest rates will do little to push back the flood of lost jobs that has far exceeded the increase in registered unemployment over the past year. Unemployment has risen by 1.4m since the recession began, but total employment has fallen by a fraction short of 2m. This explains why a shrinking and unprofitable manufacturing sector is *now registering rates of productivity* growth in excess of 5 per cent a year.

One reason for this unusually rapid fall in employment by historical *standards is the increased* ease with which employers can now shed labour. But this has been compounded by the willingness of the employed to push for higher wages at the expense of job cuts. The average earnings of those lucky enough to keep their jobs have now risen by a shocking 17.1 per cent since the recession began and by 6 per cent when earnings are adjusted for inflation.

Excessive wage increases remain the greatest threat to the unemployed, as Mr Fred Bayliss points out in a recent pamphlet for the Employment Institute. The government has a responsibility to represent the unemployed by cajoling employers and unions to keep settlements low and by waving the interest rate stick if growth in average earnings starts to rise again.

The government should also be planning how to help the newly unemployed compete when recovery begins. Recent talk of cutting unemployment benefits or of imposing some form of workfare on people out of work for less than two years is misguided. The government should, instead, concentrate its help on subsidising full-time job search, expanding jobs clubs and computerising the woefully inadequate system for storing job vacancies.

The more difficult challenge for public policy is how to help the very long-term unemployed, normally young or old men with no educational qualifications, who have been unemployed since before the recession began and are likely to remain so when recovery comes. The negligible education of these men means that they are not attractive to employers except at lower wages than the unemployed will accept.

These men are the targets of the new enthusiasm for workfare schemes. But the US experience spins a cautionary tale. Workfare has an understandable appeal in these days of rights, responsibilities and budget deficits. But the risk in stopping benefits or replacing them with poorly paid work*fare schemes is that the young* unemployed will be driven not into employment but into the criminal economies of modern cities. A better option may be to *subsidise employment, so closing* the gap between what the illegal economy offers young people and what the market will pay. Subsidising their employment, in either the private or public sectors, makes more sense than leaving them to decay.

BA off course

YESTERDAY'S statement from British Airways on the Virgin scandal is quite unsatisfactory. The board has satisfied itself that none of its members "implemented or authorised" the dirty tricks campaign. If that means none of them knew about it, we are left with the picture of a company woefully short of operational intelligence at board level. In an industry not noted for its delicacy, BA should already have had an explicit code of conduct. But even if such a code had been in place, BA could not have policed it.

Where BA goes from here is a question bristling with issues of corporate governance. Critics of the Cadbury report have argued that to put in non-executive directors to police the executives is to set the board at each other's throats. In most cases, this seems an objection worth thinking about. BA's case suggests otherwise. The implication of yesterday's statement, after all, is that no management changes are required at any level. Lord King can see out his twilight months and Sir Colin Marshall will succeed him as chairman and chief executive.

This seems complacent to the point of absurdity. The board is in dire need of outside talent, not only to run the business but to correct the inward-looking and obsessive tendencies of the BA culture. At the very least, shareholders should insist that Lord King's job be split on his departure.

It remains possible, of course, that matters will take an uglier turn. BA's actions were anti-competitive at the least. If official action should follow, the rules of the game will change. If not, the board should take a tough line. If Sir Colin were to insist on both jobs or nothing, he would undoubtedly be hard to replace. But if a company lets itself fall under the spell of a dominant individual, it has itself to blame when things eventually go wrong.

Bosnia's future

THE BOSNIAN Serbs' acceptance of the constitutional framework *for a future state* of Bosnia-Hercegovina hardly justifies premature jubilation. The statements by Bosnian Serb leaders clearly indicate that the endorsement by *their parliament* of the first stage of the peace plan is no more than skin-deep. They have not abandoned their goal of a separate Serb state, at least in the long term, in *spite of* the draft constitution's provision for a unified, if largely decentralised Bosnian state.

Yet the decision by the Serb assembly was nonetheless a success for the peace process, conducted with great commitment by Mr Cyrus Vance and Lord Owen. Since the beginning of the year, the mediators have brought round the same table the leaders of the three warring factions – Serbs, Moslems and Croats – who had previously refused to meet face-to-face. Their participation in direct talks suggests that proponents of a diplomatic solution are gaining some ground.

That is an important development at a time when the negotiators are about to embark on the hardest part of the peace plan – the controversial map of the future state's provincial boundaries. This map has been condemned, not least by the Bosnian Moslems, for underwriting the military gains made by the Serbs and condoning, in territorial terms, their policy of "ethnic cleansing". Those criticisms, however, are at least partially based on a misreading of the facts.

Under the plan, the Serbs, who currently occupy some 70 per cent of the total territory of Bosnia, compared with about 60 per cent before the conflict, will be allocated no more than 45 per cent in the future. That represents a greater Serb roll-back than is generally realised. It provides the basis for a genuine compromise which the Moslems would be well-advised to consider seriously.

Mr Slobodan Milosevic, Serbia's president, will continue to have a vital influence on the peace negotiations, as he did in putting pressure on Mr Radovan Karadzic, the Bosnian Serb leader, to accept the constitutional framework.

There are, of course, good reasons for doubting the sincerity of Mr Milosevic, a passionate advocate of a greater Serbia. It would be unrealistic to believe that he has given up the political objectives which he pro*claimed so* loudly only a short time ago.

However, economic self-interest may temporarily prove to be a more powerful motive for Mr Milosevic than *political idealism.* The pursuit of a costly war and international sanctions are increasingly undermining Serbia's economy and the standard of living of its people. *That, more than* anything else, is what has driven him to his currently constructive role in the negotiating process.

A victim of its own success

The enhanced role of the UN has raised new questions about its goals and resources, says Edward Mortimer

UN: stretched to the limit

Troops in Cambodia: the UN's biggest mission. Mr Boutros Ghali (above): struggling with *restructuring*

Not since the first post-war years has the prestige of the United Nations stood so high in the western world.

When great powers wish to take *military* action they now justify it by reference to UN Security Council resolutions. When they wish not to take military action, the absence of such resolutions is the first argument they use. When defining the role of their armed forces, western leaders put peacekeeping high on the list of tasks, and refer to the "primacy", or the "invaluable experience" of the UN in this field. When they seek a political solution to regional conflicts, they almost instinctively write in a UN role. Some of them even refer cautiously, but without dismissing it out of hand, to the possibility of placing recalcitrant countries such as Bosnia and Somalia under long-term UN administration.

Such expectations and demands have *thrust the UN into the lime*light, but are also subjecting it to enormous strain. So much so that senior figures in the Secretariat are beginning to wonder if it is up to the job. That implies a *criticism* directed partly at themselves and the bureaucracy they run, but partly at the Security Council and its permanent members, from whom most of the demands come. A running theme of such criticism is that the member states are not giving the UN the resources – financial and human – to do the job required of it.

The secretary general, Mr Boutros Boutros Ghali, has been struggling with these problems since he took over a year ago. He began by a restructuring of the Secretariat itself, drastically reducing the number of under-secretary generals (USGs) and regrouping the Secretariat's activities in large departments, each headed by a USG directly answerable to him. Four of these departments are directly concerned with the security issues which the western world, at least, regards as the UN's central responsibility.

Mr Jan Eliasson, a Swedish diplomat who worked closely with the late Olof Palme, notably in his efforts to end the Iran-Iraq war, deals with humanitarian affairs. Mr Marrack Goulding, formerly British ambassador in Angola, retains the peacekeeping portfolio he inherited from Sir Brian Urquhart in 1986. Preventive diplomacy and "peacemaking" are shared, on a regional basis, between Mr James Jonah of Sierra Leone, an old UN hand, who deals with Africa and the Middle East, and *Mr Vladimir Petrovsky*, once (as Soviet deputy foreign minister) the main articulator of Mikhail Gorbachev's vision for the UN and now the UN's own top diplomat *for Europe, Asia and the Americas.*

All four are heavily overworked, partly because on any issue of importance Mr Boutros Ghali insists on dealing with them personally rather than with their subordinates. But probably the greatest burden falls on Mr Goulding. Peacekeeping, a concept not mentioned in the UN charter, and indeed largely invented by the UN during the cold war, has now become ragingly fashionable.

The essence of it is that small, lightly armed military forces are interposed between the combatants in a war, with the consent of both parties, as part of a ceasefire agreement: a confidence-building measure, enabling each side to feel confident that the other will not launch a surprise attack. The agreement may also call on the military groups to collect weapons from both sides, and sometimes to undertake temporary policing or administrative tasks, such as the supervision of elections. Such forces are under*stood to be impartial and are not* expected to take any part in fighting; their arms are to be used only in self-defence.

So great has been the demand for *peacekeeping forces that the num*ber under Mr Goulding's command quintupled last year; these forces now number close to 60,000. But his own administrative staff at UN headquarters has increased only from 10 to 15. They are at once gratified and embarrassed by their *inability to match the large teams* of staff officers sent to talk to them from much larger military bureaucracies, such as Nato and the Pentagon, which are now keen to get in on the peacekeeping business.

The US has offered Mr Goulding various forms of electronic hardware – "real-time" communications systems, for instance, and a 24-hour operations room – which he has so far hesitated to accept, apparently doubting whether he and his staff have the capacity to manage such sophisticated machinery. Meanwhile, he works a 14- or 15-hour day, seven days a week, and is visibly wilting under the strain.

Out of five important UN operations in 1992, four – in *Angola, Cambodia, Somalia* and the former Yugoslavia – have either failed or are in serious trouble, not mainly through technical failures by the peacekeepers but because of *unresolved political problems. Even* the one success story, in El Salvador, now seems threatened by the refusal of President Alfredo Cristiani to dismiss some officers, including his defence minister, who have been identified as responsible for atrocities.

Part of the trouble, it seems, is lack of effective liaison between departments. In Bosnia and Somalia the UN's objectives have been defined as humanitarian, yet because military forces are involved the main organisational load falls on Mr Goulding's department. In Angola and Cambodia the political agreements on which the operation is based are falling apart; one might think it was the job of Mr Jonah and Mr Petrovsky, respectively, to prevent this happening, but their departments do not seem to have been sufficiently involved, or at an early enough stage.

Mr Boutros Ghali himself is believed to be unhappy about the way things are working, and may soon attempt a further reorganisation. He has certainly ruffled feathers in the Secretariat by saying repeatedly that until he came to New York he imagined his own *country, Egypt, had the worst* bureaucracy in the world, but now he knows the UN is even worse.

Yet he would be the last person to suggest that the UN's problems are purely organisational. In his Agenda for Peace report, published last June, he showed himself aware that there were situations in which traditional peacekeeping is not enough, and suggested the creation of "peace-enforcement units", more heavily armed than traditional peacekeepers and authorised to use force in cases where "cease-fires have ... been agreed but not com*plied with*".

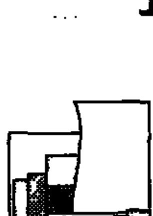
Last September, in his first annual report to the General Assembly, he highlighted the problems that arise when peacekeeping forces have to deal with "non-governmental entities or irregular groups", whose shadowy leaders may sign agreements but either cannot or will not impose compliance on their followers.

As the UN is drawn into more and more internal conflicts within member states, these problems are multiplying. Events in Bosnia and Somalia, especially, have blurred the distinction between peacekeeping and enforcement, between humanitarian assis*tance and military confrontation. In* a different way the same has happened in Iraq, where the UN is still trying to enlist the consent and assistance of President Saddam *Hussein's regime in relief* operations aimed at helping people it has identified as victims of that same regime, and in some cases at mitigating the effects of sanctions it *has itself imposed.*

Talking to senior UN officials about Mr Saddam, or about Somali or Bosnian Serb warlords, one can sense that they are uncertain whether to adopt the tone of an affronted authority thumping the table, or that of a patient and neutral "honest broker". The latter pose is one that many of them instinctively *adopt*, having learnt it during the long years of the cold war when neutrality was the only attitude that allowed the UN any role at all. But arguably the former is more in keeping with the charter, and more appropriate to the role the UN is coming to play in the new world order.

To play that role effectively, the UN needs expanded resources, a more radically restructured organisation, and above all perhaps a clearer definition of its various tasks and how they relate to each other. In all three areas the new US administration, which has advertised its enthusiasm for the UN, should have an important contribution to make. The challenge to President Clinton, and to his UN ambassador, Madeleine Albright, is to find a way of doing that without reinforcing the already widespread view among non-western member states, *and among their nationals in the* Secretariat, that the western powers have turned the UN into nothing more than an instrument of their own political whims.

The flaws in central bank freedom



The call for an "independent" Bank of England as the remedy for Britain's proneness to chronic inflation has become a parrot cry. It deserves more scrutiny than has so far been accorded it.

The Bank is the UK's central bank, but it performs many functions not necessarily associated with a central bank: banking supervision, the management of the government's borrowing programme, the operation of the government's foreign exchange portfolio, and exchange control (when it existed), to mention only four. None of these can be regarded as a necessary responsibility of a central bank, and the independent exercise of them seems not to be in the minds of those who canvas the idea of independence. It is the core function of a central bank which is the issue, viz the provision of short-term liquidity to the banking system when needed at an interest rate determined by the bank as a deliberate act of policy. The central bank does not, many would say cannot, determine the money supply growth rate, though it may be able to influence it through its short-term interest rate decisions. Nor can it "ensure the stability of the currency" (*pace* the Bundesbank's charter), though it can, through monetary policy (the setting of short-term interest rates), have some influence on inflation.

But monetary policy is only one of many instruments of policy which have a bearing on inflation. Government borrowing, taxation, competition policy and public sector pay all have some part to play in the fight against inflation. If beating inflation is so important and the politicians cannot be trusted to give it the priority it deserves, logically we should take out of their hands not only monetary policy but a range of other policies as well.

The idea exists that monetary policy is different because it is a simple technical operation with a single clear-cut objective and with well-understood and reliable techniques of operation. This is a delusion. It is a matter of great importance for the jobs and standard of living of millions of people. It does not affect only inflation, nor does it affect everyone equally. The nature and degree of its effects cannot be free from doubt and argument.

High inflation in the UK has not been only or even mainly the result of lax monetary policy

High inflation in the UK, when it has existed, has not been only or even mainly the result of lax monetary policy – nor do we believe, that monetary policy has been conducted on terms of which the Bank of England disapproved. Simply changing the system of control or designated priorities of that policy would only marginally contribute to reducing inflation, if other policies were not designed with the same objective. Britain's present policy of controlling inflation rests in effect on maintaining economic activity for the time being at a relatively low level. An independent Bank of England would not remove the central dilemma of that policy – what is to be the balance between high unemployment and inflation. This sort of decision should not be handed over to bankers.

But, the argument goes, what about Germany and the US? The US is not a particularly happy exemplar. Its inflationary record over the past decade has been significantly inferior to Japan's, and only marginally superior to that of France, neither of which has more than nominally independent central banks. The German case is, however, regularly mobilised in support of the proposal for independence, but in a way which makes no allowance for all the other factors which have helped that country successfully to fight inflation. Low inflation has not been only, or even mainly, the work of the Bundesbank. Germans are aware of the dangers and costs of inflation from two bitter experiences. The same attitudes which have made them willing to hand responsibility to the Bundesbank would have ensured relatively low inflation if their system had been similar to the UK's.

The Maastricht treaty incorporates the idea of an independent European central bank, and on this ground, if no other, we believe it to be flawed. It was, of course, the central bankers, *via the Delors* Committee, who put it in.

Bryan Hopkin and Douglas Wass

Sir Bryan Hopkin is a former chief economic adviser to the government and Sir Douglas Wass is a former permanent secretary to the Treasury

OBSERVER

Dog-lover renews lead

■ Where Passat failed, will Kriss break through? He is the pet basset hound of the European Community's new internal market commissioner Raniero Vanni d'Archirafi, who looks likely to give a renewed lead to the EC's effort to get Britain and Ireland to lift their stringent quarantine rules on pets arriving with visitors from the Continent.

Passat, on the other hand, became a symbol of the force of Anglo-Irish fears of the *spread of rabies when* as the dog belonging to Dieter Rogalla, a German member of the European Parliament, he was banned from crossing the Channel on *new year's eve.*

Rogalla – who was making a deliberate attempt to test the rules which advocates of a pure border-free Europe believe *needlessly* hamper free movement of the Community's citizens – was stopped before he and his pet could board the ferry at Calais.

The turn-back seemed to confirm Brussels officials' suggestions that the Commission had shelved plans for legislation to loosen the quarantine by such means as the introduction of "pet passports" vouching that animals have a clean bill of health.

But 61-year-old Vanni d'Archirafi, a former Italian ambassador to Spain and Germany, indicated yesterday that the measure had certainly not been abandoned.

Although he had never tried to test the rules, Kriss's owner added, it was perhaps his love of dogs that explained why he'd never been offered a diplomatic post in Britain.

Brussels gossip

■ Meanwhile a more immediate question for Britain is who will *replace Geoffrey Fitchew* as head of DG 15, which looks after financial institutions and company law and is the most important part of Vanni d'Archirafi's new empire.

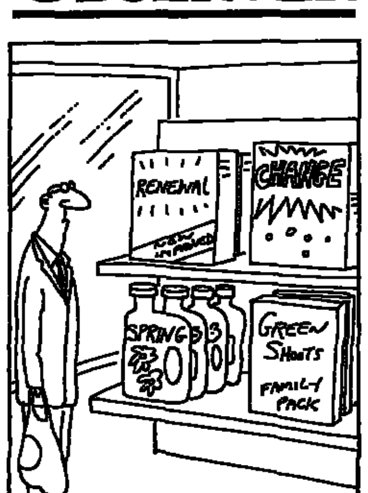
Brussels bureaucrats are supposed to be impartial, of course, but given the dangers adverse EC legislation could pose for the City of London's position as a world financial centre, the UK has always felt it important to have a Brit in the post.

Hence the concern about the replacement for 53-year-old Fitchew. An old Treasury hand, he has been recalled to London to head the European secretariat of the Cabinet Office.

It's said that John Mogg, deputy DG of the internal market directorate, is front-runner.

Call me Bill

■ President Jimmy Carter didn't suddenly become James E Carter when he stepped into the White House, so what are we to make



of Bill Clinton's decision to start signing his name as William J Clinton now that he's commander-in-chief?

Admittedly, he's not the first to accentuate his middle initial. James K Polk started the trend in 1845, and although it has tended to be a rather pompous republican habit, there have been some well known initialled Democrats such as Franklin D Roosevelt and John F Kennedy.

The difference this time is that Clinton appears to feel that now he is president he needs a more dignified name for signing treaties etc. On the other hand he still wants to be known as Bill Clinton.

All very confusing. Perhaps WJC will soon trip off the tongue like FDR, JFK and LBJ. At least he *didn't resort to signing himself* William J B Clinton.

That would have been shortened to WJBC and might have been mistaken for the call signs of any *old local radio station.*

Prophetable?

■ *As the ultimate in cutting out* the middle-man, Israel's Bezeq phone company is offering a direct line to God via facsimile. Just call Jerusalem 972-2-612-222 and your fax will be placed in the crevices of Judaism's holy of holies, the Wailing Wall.

The company profits solely from the faxing. Onward delivery is free of charge.

Bond boost

■ Amid talk of discord between the Bank of England and the Bundesbank, the Old Lady's present deputy governor Eddie George probably took particular pleasure in opening the latest contract on the London international financial futures exchange – a medium-term German government bond contract.

Germany's authorities are already embarrassed by Liffe's domination of trading in German Bund futures, despite frenzied efforts by the country's Deutsche Terminbörse futures exchange to win back market share.

George harked back to that fateful September Wednesday – *tellingly describing it as white,* not black – pointing out that trading on Liffe that day had exceeded volume in Chicago, the world centre for futures trading. *"Glad to have been of service,"* he said.

Pizza success

■ After falling out with his partners PizzaExpress founder, Peter Boizot, appears to have found a way to make everyone happy again. His up-market pizza restaurant group is coming to market through a complex £14.63m reverse takeover, the punters are said to be fighting for shares, and he gets to remain chairman, albeit with some rather strong handcuffs. The deal has established him as perhaps Britain's most successful restaurateur.

No doubt more up-market establishments might sniff at Boizot's success. What with his interest in hockey and jazz, he is a bit of an odd ball. But he certainly understands how to make money out of pizzas.

Signed off

■ It used to be that a chief executive was presented with a gold watch and more on retirement. Now he or she is presented with a *fait accompli.*

FINANCIAL TIMES
Friday January 22 1993

Tracking of French jet triggers attack day after Baghdad orders ceasefire

US aircraft hit Iraqi radar site

By George Graham in Washington, Michael Littlejohns in New York and James Whittington in Baghdad

US AIRCRAFT fired on an Iraqi radar and missile site yesterday as it tracked a French reconnaissance aircraft, only a day after a ceasefire ordered by Iraqi President Saddam Hussein as a goodwill gesture towards newly-installed US President Bill Clinton.

After the incident Mr Clinton said he would adhere to existing US policy towards Iraq. "We're going to stay with our policy. It is an American policy," he said.

Mr Warren Christopher, the new secretary of state, said the administration would ensure Iraq obeyed UN agreements that ended the 1991 Gulf war.

Some US officials and diplomats in Washington were surprised by the incident, which seemed to run counter to a feeling in the west and at the UN that Iraq was being more co-operative and that the military escalation of the last week could be reversed.

Yesterday's incident was apparently triggered when Iraqi radar near Mosul, in northern Iraq, illuminated a French Mirage jet on reconnaissance over the no-fly zone. A US F-4G Wild Weasel escorting the French aircraft then fired a radar-seeking missile at the Iraqi installation, while and a US F-16 Fighting Falcon dropped cluster bombs.

"When their radar illuminates our pilots, we are going to protect our pilots," Mr Christopher said.

US officials said the rules of engagement for coalition aircraft patrolling the two air exclusion zones over northern and southern Iraq remained unchanged under the new administration: aircraft may fire only in the event of threatening Iraqi action, which includes "illumination" by air defence radar.

There was no immediate reaction from Baghdad.

General Colin Powell, chairman of the joint chiefs of staff, said there had been a "seamless web" between the Bush and Clinton administrations, adding that any foreign leader who might think the new president was untested was "very much mistaken."

An aircraft carrying UN arms inspectors landed in Baghdad yesterday and the American attack was not expected to affect plans to send five more planeloads today and tomorrow.

Mr Rolf Ekeus, head of the UN inspection operation, said about 70 weapons inspectors and their equipment would arrive in Iraq on a semi-permanent basis over three days.

Mr Paul Brough, head of the 25-member chemical weapons team, said the immediate project was to complete the destruction of chemical weapons and agents consolidated at the Muthana plant 120 miles southwest of Baghdad.

Although Iraq appears to have opted for co-operation rather than confrontation in the hope that the no-fly zone and trade sanctions will be reconsidered, the real test will come when weapon inspections resume.

UN inspection teams have suffered harassment from the Iraqi authorities in the past.Further provocation would dash any chance of an early end to the trade embargo.

UK unemployment approaches 3m

By Peter Norman, Emma Tucker and David Owen in London

UK UNEMPLOYMENT came within a whisker of the politically sensitive 3m mark last *month, triggering hopes of lower* interest rates in the City and furious exchanges in the House of Commons.

The government also announced a fall in industrial *production in November while* the British Chambers of Commerce said the economy was still in recession.

The seasonally adjusted jobless total jumped by 60,800 to 2.97m in the *month* to December, its 32nd consecutive monthly rise.

Mr John Major, the British prime minister, told the Commons that the figures were "deeply disappointing".

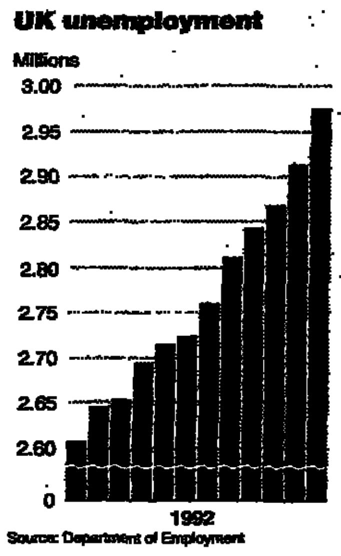
The increase was much higher than the 35,000 rise predicted in the City and lifted the UK unemployment rate to 10.5 per cent from November's 10.3 per cent. The actual number of people *unemployed increased by 119,270* to 2.98m.

The unemployment figures prompted a significant change in financial markets' perception of the pound and encouraged ana*lysts to believe that the govern*ment will soon have to cut bank base rates from 7 per cent.

The pound closed at DM2.4525 against the D-Mark, some 2¼ pfennigs down on the day and 4¾ pfennigs lower than at the end of last week. Sterling also closed at $1.5180 against the dollar, more *than 2¼ cents down on the day.*

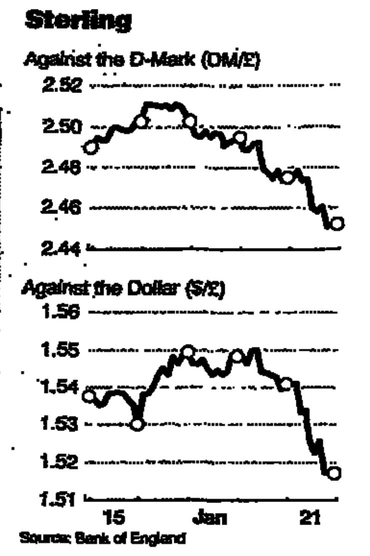
Equities rose on the hopes of lower interest rates with the FTSE-100 index gaining 24.6 points to 2,773.3. On the domestic money market, three-months' *money dropped by ⅛ per cent to* 6$\frac{13}{16}$ per cent. This rate, often seen as a bellwether of future interest rate trends, touched its lowest level since base rates dropped to 7 per cent in November.

UK unemployment



Source: Department of Employment

Sterling



Source: Bank of England

Mrs Gillian Shephard, employment secretary,

said the unemployment figures *were "very difficult for both the* individuals involved and for their families". The government was trying to ensure that existing measures to help the unemployed were working as effectively as *possible, she said.*

Unemployment has increased by 1.38m since it began rising in April 1990. The December *increase,* which was the biggest monthly rise since July 1991, brought unemployment back to levels last seen in February 1987.

The Central Statistical Office reported that manufacturing output declined by 0.5 per cent between October and November and was 0.2 per cent lower than in November 1991. While reporting an upturn in exports and improved business confidence, the British Chambers of Commerce yesterday voiced "extreme concern" about the state of the domestic UK market and warned of further job losses to come.

The Treasury did nothing to encourage speculation of lower interest rates. It said the latest rise in unemployment did not suggest that economic activity was still falling.

It recalled that the government *had eased monetary policy signif*icantly since September and announced measures in the Autumn Statement aimed at restoring confidence and encouraging recovery. These had not *yet fed through fully to the pro*duction and employment figures.

At Westminster, Mr John Smith, leader of the opposition Labour party, described the figures as "horrendous".

British Gas axes 1,200, Page 6
Confidence hurt, Page 7
Editorial Comment, Page 11

Nippon Steel in deal with chip maker

Continued from Page 1

managers to the company and pumped in fresh funds over the past few years, but the bearings maker has been hit by the collapse of stock prices and the failure of several diversification projects. Last year, Minebea reported a consolidated loss of Y13.6bn.

For Nippon Steel, the acquisition of NMBS would broaden its electronics expertise after initial failure in producing personal computers. *Sales of memory chips have* improved in recent months, following stronger demand from the US computer industry and a US anti-dumping action against South Korean producers.

The Electronics Industries' Association of Japan has forecast a 6.6 per cent increase in domestic semiconductor sales this year after a 10 per cent fall last year. But NMB Semiconductor appar*ently does not have the esti*mated Y100bn needed to keep pace in the chip race over the next five years.

Several other Japanese steelmakers, including Kawasaki Steel, Kobe Steel and NKK, have already begun semiconductor production, but so far the projects have been generally unsuccessful.

At the same time, another struggling Japanese chip maker, Oki Electric, is reviewing its production plans.

There were reports in the Japanese press last year that Intel, the US electronics maker which has a partnership with NMBS in the production of flash memory chips, was negotiating with Minebea, but Intel said yesterday it was not bidding.

Clinton nominee for top law job faces tough confirmation battle

By Jurek Martin in Washington

THE ONE cloud on President Bill Clinton's sunny inaugural week grew a little larger yesterday as his nominee for attorney general, Ms Zoe Baird, faced tough questioning from senators concerned that she had broken the law by employing illegal aliens for her household.

Ms Baird repeated that she would not withdraw her nomination and said awareness of her own transgression would make her even more determined to ensure that justice be dispensed equally.

Ms Dee Dee Myers, the new White House press secretary, said Mr Clinton stood by her and expected her to be confirmed.

Senator Orrin Hatch of Utah, the senior Republican on the judiciary committee, yesterday repeated his support. Only one committee member, Senator Larry Pressler, a Republican from South Dakota, has declared *he will vote against confirmation.*

Mr Hatch also reported that mail from his constituents was running heavily against Ms Baird and yesterday she acquired another influential opponent in *the person of Ms Barbara Jordan,* the Texas University law professor and former congresswoman known for her high principles.

"The ethical high ground for Zoe Baird is to request that her name be withdrawn," Ms Jordan said.

Earlier this week, Ms Patricia King, a Georgetown University law professor, maintained in a powerful Washington Post column *that the nation's chief law* enforcement officer could not be someone who had recently broken the law.

Elsewhere, the new administration began to get down to work. Mr Clinton was preoccupied with welcoming 2,500 invited guests to an open day at the White House.

Mr Warren Christopher, confirmed on Wednesday as secretary of state, talked to Mr Nelson *Mandela of the African National* Congress, who was accompanied by the Rev Jesse Jackson. The Senate yesterday confirmed almost all the rest of Mr Clinton's cabinet.

Mr Clinton was expected to issue a number of early executive orders reversing policies of the Bush administration, including lifting the prohibition on abortion counselling at federally funded clinics.

BA apologises again to Virgin

Continued from Page 1

where problems arose and take appropriate action".

Ten days after BA gave an unqualified apology to Virgin in the High Court, Lord King repeated the exercise and expressed confidence that nothing similar could ever happen again. "I would again like to apologise and to reiterate goodwill toward Mr Branson and his airline. I would also like to apologise to everyone affected especially all our people, our shareholders and our customers".

BA said it had received assurances from each board member that they had not implemented or authorised any "disreputable business activities" or any other improper action against Virgin.

The board considered an 80-page investigation requested by non-executive directors into the "dirty tricks" campaign which included the luring *of passengers* off Virgin and computer tapping.

The document claims that the covert campaign was confined to a relatively small number of unconnected incidents which involved a "very small" number of BA staff. It also supports the board's consistent claim that there had never been a wide-ranging conspiracy throughout BA to damage Virgin.

Mr Branson dismissed BA's apologies and assurances that no similar campaign would ever take place again. The "key issue" was the commercial damage which had been inflicted upon Virgin by BA's activities.

He disclosed that Virgin and BA would be meeting, at BA's request, within the next few days *to establish if there were any* grounds for ending the affair. Virgin would then take "whatever action it feels appropriate". Virgin executives will go into the talks expecting BA to provide a detailed blueprint for improved commercial relationships between the two airlines but, as importantly, will demand negotiations on cash compensation.

Virgin indicated that BA would have to go to considerable lengths if the issue is not to become the subject of action on alleged anti-trust grounds in the US and possibly in Europe.

World Weather

		°C	°F
Ajaccio	S	14	57
Algiers	S	16	61
Amsterdam	F	10	50
Athens	S	15	59
Bahrain	S	13	55
Bangkok	C	30	86
Barcelona	S	12	54
Beijing	S	1	34
Beirut	S	16	61
Belfast	R	9	48
Belgrade	S	9	48
Berlin	S	9	48
Biarritz	S	15	59
Bombay	S	27	81
Bordeaux	F	13	55
Boulogne	C	11	52
Brussels	F	11	52
Budapest	F	11	52
Buenos Aires	F	28	82
Cairo	F	17	63
Cape Town	S	22	72
Caracas	C	26	79
Casablanca †	S	17	63
Chicago †	R	2	36
Cologne	S	11	52
Copenhagen	F	7	45
Corfu	S	13	55
Dallas †	Fg	4	39
Dublin	C	12	54
Dubrovnik	S	13	55
Edinburgh	R	8	46
Faro	S	15	59
Florence	S	7	45
Frankfurt	F	12	54
Geneva	S	6	43
Gibraltar	S	16	61
Glasgow	R	8	46
Helsinki	C	3	37
Hong Kong	F	11	52
Innsbruck	S	9	48
Inverness	R	7	45
Islamabad	F	13	55
Istanbul	F	5	41
Jakarta	R	31	88
Johannesburg	F	30	86
Lisbon	S	10	50
London	C	11	52
Los Angeles †	S	11	52
Luxembourg	C	10	50
Madeira	F	18	64
Madrid	S	8	46
Majorca	S	14	57
Malaga	S	16	61
Malta	S	16	61
Manila	C	30	86
Melbourne	Dr	16	61
Mexico City	F	27	80
Miami †	F	23	73
Milan	S	8	46
Montreal †	C	-5	23
Moscow	C	-2	28
Munich	F	10	50
Nairobi		–	–
Naples	S	13	55
Nassau	C	25	77
New Delhi	S	15	59
New York †	S	-1	30
Nice	S	13	55
Nicosia	S	16	61
Oporto	S	11	52
Oslo	S	6	43
Paris	C	12	54
Prague	F	10	50
Reykjavik	F	-2	28
Rhodes	S	16	61
Rio d'Janeiro	C	27	81
Rome	S	13	55
Salzburg	F	10	50
S'Francisco †	C	11	52
Seoul	S	-1	30
Singapore	F	29	84
Stockholm	S	5	41
Strasbourg	F	11	52
Sydney	S	33	91
Taipei	C	17	63
Tangier	S	17	63
Tel Aviv	S	14	67
Tenerife	C	19	66
Tokyo	S	8	46
Toronto †	S	-7	19
Tunis	C	16	61
Valencia	S	12	54
Venice	Fg	2	36
Vienna	F	11	52
Warsaw	F	8	46
Washington †	F	-2	28
Zurich	C	8	46

Temperatures at midday yesterday
† Noon GMT temperatures
C – Cloudy Dr – Drizzle
F – Fair Fg – Fog H – Hail
R – Rain S – Sunny
Sl – Sleet Sn – Snow
T – Thunder

THE LEX COLUMN

BA's turbulent flight

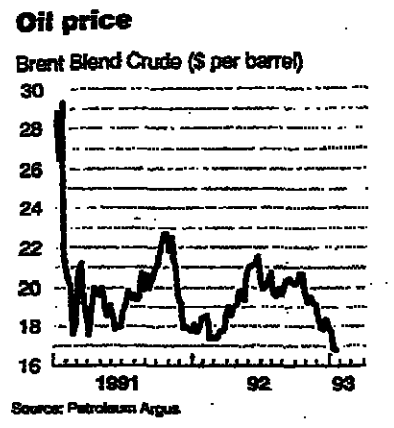
The outcome of British Airways' board *meeting* yesterday raises two contentious issues of control. The first is whether the reckless elements who instigated the dirty tricks campaign against Virgin will be brought under control by the establishment of a *supervisory* committee and code of conduct. The second is to what extent BA can make its influence felt on USAir following its revised $300m investment in the ailing American carrier. There is scope for doubt on both fronts.

Yesterday's apologetic rhetoric suggests the company is chastened by the Virgin affair, but public contrition has been unmatched by effective action to prevent a recurrence. No-one within BA has yet shouldered responsibility for the campaign. No-one has resigned or been replaced. The same non-executive directors who neglected BA's original sins are now to oversee the supervisory regime. The new committee is a clear admission of doubt about the judgment of the top executive managers but it is a minimal solution, and a weak alternative to the clear separation of the role of chairman and chief executive. It seems unlikely to allay public unease and re-establish the credible leadership on which BA critically depends.

The USAir deal has been carefully *restructured to avoid the previous reg*ulatory objections. BA is spending less money, but will enjoy a smaller operational reward. Fuller benefits depend on liberalisation in the US. BA's hopes on this score look implausibly optimistic, especially since its ability to argue its case has been substantially weakened by the Branson affair.

FT-SE Index: 2773.3 (+24.6)

Oil price



Source: Petroleum Argus

UK economy

There is something perverse about an equity market which reacts positively to bad economic news in the belief that interest rates are bound to fall. There is no disguising the disappointment in yesterday's unemployment and industrial output figures. A particular blow is the accelerating rate of unemployment growth, but to conclude that this will lead to an early cut in interest rates looks like wishful thinking. Apart from anything else, a speedy cut would look like a gesture of desperation on the part of the authori*ties.*

The government does have some grounds for arguing that the latest figures do not provide a complete picture. The industrial output data are two months old and reflect a period when manufacturers were deeply gloomy. Yesterday's Chambers of Commerce survey was by no means so down-beat, particularly on exports. Weekly figures for cash in circulation suggest M0 has been growing quite strongly in January. It would be in character for the government to defer any interest rate cut until it has seen how January price rises affect the underlying inflation rate, especially since the December outturn of 3.7 per cent was on the high side.

Least impressive of all is the notion that a rate cut might be on the way to help make next week's £2.5bn gilt auction a success. If a rate cut is needed for that, the authorities will not stand much of a chance with the 1993-94 borrowing requirement. A rate cut around the budget would both offset the effect of any fiscal tightening and help get the funding programme under way. The intervening period may well prove frustrating, both for the economy and for financial markets.

Oil sector

Like tea, the Opec oil cartel is strongest when it is in hot water. With the price of crude sliding to levels which cause producers real pain, next month's Opec meeting may thus be expected to produce substantial quota reductions. Before that, though, there will be plenty of jockeying for position. Saudi Arabia seems ready to cut output. Others have yet to agree. Yet *the weak fiscal position of many* Opec members provides a strong imperative to raise oil prices – particularly because most producers cannot expand output much further. Demand is also flat, with Europe and Japan mired in recession and relatively mild weather in the US cutting the need for *heating oil. In Europe, the petrochemi*cals industry also slumped further in the last quarter of 1992, notably in Germany. With refining and petrochemical margins under pressure, and a low crude price, the outlook for oil company revenues is poor.

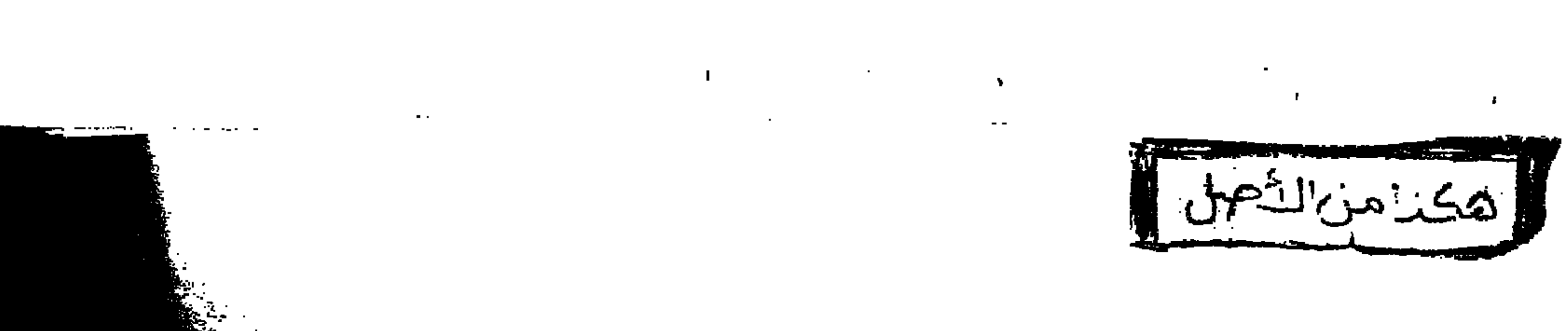
Without a strong worldwide recovery in 1993, the oil majors will have to continue cutting costs. Further rounds of head office redundancies are likely. Capacity cuts in hard-hit areas like petrochemicals may follow. With the industry moving towards a lower cost base, even those with stronger balance sheets such as Shell and Exxon are beginning to follow the lead of hard-pressed BP. Companies may try to earn extra margins where they can – hence Shell's attempt to edge up UK petrol prices this week. Making price rises stick in a poor market is another matter.

ICI

Yesterday's 2 per cent rise in ICI's shares in response to its asset swap with BASF suggests the market may have become over-sensitive. The deal adds only £60m turnover to ICI's acrylics business and little by way of additional profits. A cash payment of perhaps £25m will hardly transform the company's finances. By securing downstream capacity in continental Europe, ICI furthers its global ambition in acrylics, but approval from the US regulators for the proposed asset swap with Du Pont would be of far greater significance in that regard.

On the evidence of third quarter figures, though, it remains touch and go whether ICI will be able to cover an unchanged dividend with earnings. The market is inclined to believe the disposal of the loss-making polypropylene business might just tip the balance in favour of maintaining the payout. Whether ICI should make the decision on the basis of such fine arithmetic is another matter. Regardless of whether the bio-science demerger goes ahead, some prospect of a sustained earnings recovery will be required to justify an unchanged dividend.

It is far from clear that European acrylics will contribute much to that. The outlook is certainly better than in *polypropylene* – which faces ruinous over-capacity. But with demand for acrylic products so closely linked to the building cycle, a big improvement in profits this year seems too much to hope for.



FINANCIAL TIMES
COMPANIES & MARKETS
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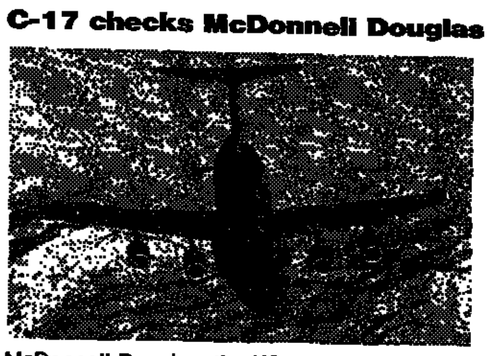
Friday January 22 1993

INSIDE

Bear Stearns dips 17% to $64m

Bear Stearns, the US securities house, reported a 17 per cent second-quarter decline to $64.3m, the latest indication that the Wall Street earnings boom slowed at the end of last year. A sharp fall in equity underwriting volume cut Bear Stearns' investment banking revenues by 34 per cent. Page 15

C-17 checks McDonnell Douglas



McDonnell Douglas, the US aerospace group, expects 1992 earnings to be well below 1991 because of loss provisions in its C-17 (above) military transport aircraft programme and lower earnings from its commercial aircraft segment. Page 15

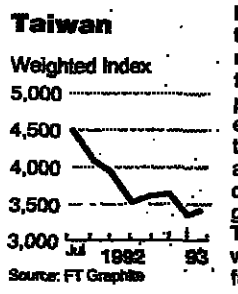
Amdahl cautious on profits

Amdahl, the US mainframe computer manufacturer, returned to profit in the fourth quarter and lifted revenues by 27 per cent over third-quarter levels. Net income was $2.5m on revenues of $745m, against a net loss of $12.7m on revenues of $389.9m last time. Mr Joseph Zemke, president and chief executive, was guarded on the outlook for 1993. Page 15

UK food groups agree merger

Albert Fisher, the UK food processing and distribution group, made an agreed cash offer worth £29.3m ($45m) for Hunter Saphir, the fresh produce, herbs and spice company which has seen its share price collapse since 1989. It is the first acquisition by Albert Fisher since Mr Stephen Walls replaced Mr Tony Millar as chairman last July. Page 14

Taiwan listens for the Cockerel



Many in Taiwan hope the stock market will rebound in the Year of the Cockerel from its 73 per cent slide. The government says it is keen to support share prices and has proposed concessions. But there are growing signs the Taiwan stock exchange will open with further falls. Back Page

Freak floods hit copper mines

US copper companies are counting the cost of freak storms that dumped half the average annual rainfall on the Arizona desert in only 10 days. The deluge flooded open-pit copper mines, washed away rail links and diluted cyanide solutions used to leach metal from ore dumps more usually drenched in sunshine. Page 28

Market Statistics

Companies in this issue

Chief price changes yesterday

FRANKFURT (DM)			
Rises			
Bilf & Berger	856.5	+	21.5
Heidelb Zem	877	+	17
Leifheit	395	+	10
Rheinelektra	830	+	17
Rosenthal	228	+	12
Falls			
Holzmann Ph	875	-	16
NEW YORK ($)			
Rises			
McDonnell Doug	55¾	+	2¾
Falls			
Bear Stearns	17	-	¼
Chemical Bank	39½	-	⅞
Citicorp	25½	-	½
Foodmaker	12	-	⅝
Tandem Computer	13⅝	-	2¾

New York prices at 12.30pm.

PARIS (FFr)			
Rises			
Coparex Int	615	+	45
Prinault Prin	577	+	25
Falls			
Cred Lyon (CI)	515	-	24
Gal Lafayette	1670	-	109
Imm de France	761	-	19
Lyonn Eaux	410	-	25.5
TOKYO (Yen)			
Rises			
Asahi Optical	359	+	27
Fuji Elec'chem	450	+	35
Oki Electric	365	+	33
Falls			
Isetan	1980	-	400
Krosaki	362	-	26
Matsuzakaya	1020	-	200

LONDON (Pence)			
Rises			
Air London	73	+	7
Brent Walker	13	+	2½
Bullough	110	+	8
First Nat Fin	76	+	5
Firth (GM)	14½	+	4½
French Connctn	36	+	4
HSBC	550	+	23
ICI	1123	+	26
Int Food	63	+	6
Kershaw (A)	520	+	40
Lloyds Chem	286	+	12
Lon Scot Bk	67	+	4
OMI Intl	28	+	4
Ocean Group	263	+	15
PWS	64	+	3
Shoprite	733	+	65
Suter	125	+	6
Tadpole Tech	217	+	15
Falls			
Clarke Nickills	16	-	3
Colefax Fowler	33	-	5
Ewart	51	-	4
Goodhead	35	-	3
Prime People	2½	-	2
Richmond Oil	6¼	-	¼

Deal needs backing of US government but other carriers will try to block it

BA buys 19.9% of USAir for $300m

By Martin Dickson in New York

BRITISH Airways yesterday announced it was spending $300m for a 19.9 per cent stake in USAir, the sixth largest American carrier, just one month after it abandoned plans for a more ambitious $750m investment in the face of strong US controversy.

The new deal, approved yesterday by the boards of both companies, forms an important part of BA's strategy of becoming the world's biggest global carrier.

For USAir, which is loss-making and heavily debt-laden, it means a valuable injection of cash and much greater access to the international market.

However, while the transfer of funds to USAir took place yesterday, the deal still needs the backing of the US government and will face opposition from other American carriers.

Rival airlines fiercely opposed the earlier BA deal, which would have given the British company a 44 per cent stake in USAir and a substantial say in strategic decision-making. They argued that the pact should be blocked unless there was much greater US access to London's Heathrow airport.

Mr Stephen Wolf, chairman of United Airlines, repeated this line yesterday, saying the new BA investment "must be carefully scrutinised by the US government and only sanctioned when the UK government lifts the barriers to competition ... for US flag-carriers".

However, the new deal gives BA a stake well within the 25 per cent legal limit for foreign ownership of a US airline. It may be hard for the new Clinton administration to justify blocking it, as it is similar to two deals approved by the Bush government, which allowed KLM of the Netherlands to take a minority stake in Northwest Airlines and Air Canada to do likewise at Continental Airlines.

The new BA deal would allow the British company the option – US law permitting – to inject up to $450m more into USAir, which would take its equity stake up to 32.4 per cent.

Three BA directors will join a 16-person USAir board, but they will not have the special say in important company matters that was written into the original agreement.

They said yesterday they would first implement a new "code-sharing" plan, under which USAir flights from cities across the US will link at key gateways with BA transatlantic flights. These USAir flights will be identified with the flight numbers of both carriers and through check-in will be introduced.

Guy de Jonquières on the trend for joint ventures making worldwide products

Growing taste for alliances in the food industry

AT a concert last year Mr Floris Maljers, co-chairman of Unilever, the Anglo-Dutch consumer products group, and Mr Antoine Riboud, chairman of BSN, France's largest food manufacturer, fell to chatting about their companies' operations. As they talked, both men began to see opportunities to do business together.

That chance conversation bore fruit this week when the companies announced a joint venture to make and market worldwide products which combine ice cream, in which Unilever is world leader, with yoghurt, of which BSN is the biggest producer.

Until recently, such collaboration would have been anathema in an industry where big manufacturers have long sought full control over their businesses. Most have resorted to collaboration only on a limited, ad hoc basis to help them enter difficult markets, such as developing countries.

However, since the end of the 1980s, the industry's taste for strategic alliances and joint ventures has grown steadily on both sides of the Atlantic. As the table shows, every year has seen at least one big deal.

All these alliances aim to develop sizeable international businesses offering rapid growth, often in embryonic markets. Nestlé and Coca-Cola, for instance, are collaborating to distribute canned hot drinks through vending machines, a business largely unknown outside Japan.

The trend owes much to the stagnation of traditional food markets in industrialised countries. "To keep growing, companies need to develop higher-margin products which respond to new tastes and fashions," says Mr John Campbell, food industry analyst with County NatWest.

These pressures have intensified the search for short cuts to faster innovation, lower costs and to enable new products to be launched on several world markets at once. As Mr Helmut Maucher, chairman of Nestlé, says: "Nowadays, the quick devour the slow."

Mr Maljers says Unilever could have developed its own yoghurt technology, but that would have probably taken three years and much management time. Another option was to buy a successful medium-sized yoghurt maker, but none was available.

Indeed, strategic alliances partly reflect diminishing acquisition opportunities, following a wave of international mergers which began in the mid-1980s. "Quite a lot of good targets have already gone," says Mr Maljers.

Most alliances to date combine complementary skills and assets. Nestlé's deal with Coca-Cola, for instance, marries the former's strengths in soluble coffee and tea with the latter's powerful international distribution and vending machine networks.

In Cereal Partners Worldwide, the roles are reversed. General Mills of the US contributes its extensive know-how in breakfast cereals – which Nestlé says it would have needed 20 years to match – while the Swiss company provides distribution and merchandising.

General Mills' snacks venture with PepsiCo is slightly different, aiming to achieve scale economies by merging two rival established businesses. Nonetheless, General Mills' greater strength in northern Europe is matched by PepsiCo's in the south.

Another key ingredient is a clear identity of interest between alliance partners. Mr Maucher stresses the importance of good "chemistry" in their relations, while Mr Maljers says: "The companies must have generally similar attitudes to the consumer, quality, retailing, distribution and service. There can be no compromise on any of these points."

However, the structure of individual partnerships varies. While operating responsibility in some is equally shared or entrusted to independent management, in others one partner is clearly predominant. Unilever and PepsiCo, for instance, are clearly in the driving seat in their respective ventures with BSN and General Mills.

It is still too soon to judge how far hopes for strategic alliances will be justified by results. Cereal Partners, one of the earliest, aims for $1bn in sales by the end of the decade and has built annual sales of $200m after only two years. But big profits will take longer.

Industry leaders are also cautious about predicting how fast the trend will spread. Mr Maljers admits he has yet to think through many of the longer-term issues involved, while Mr Maucher warns against euphoria about what strategic alliances can achieve.

He warns that getting the right fit between companies is not easy, and that alliances are vulnerable to changes in the ownership or corporate objectives of the partners involved.

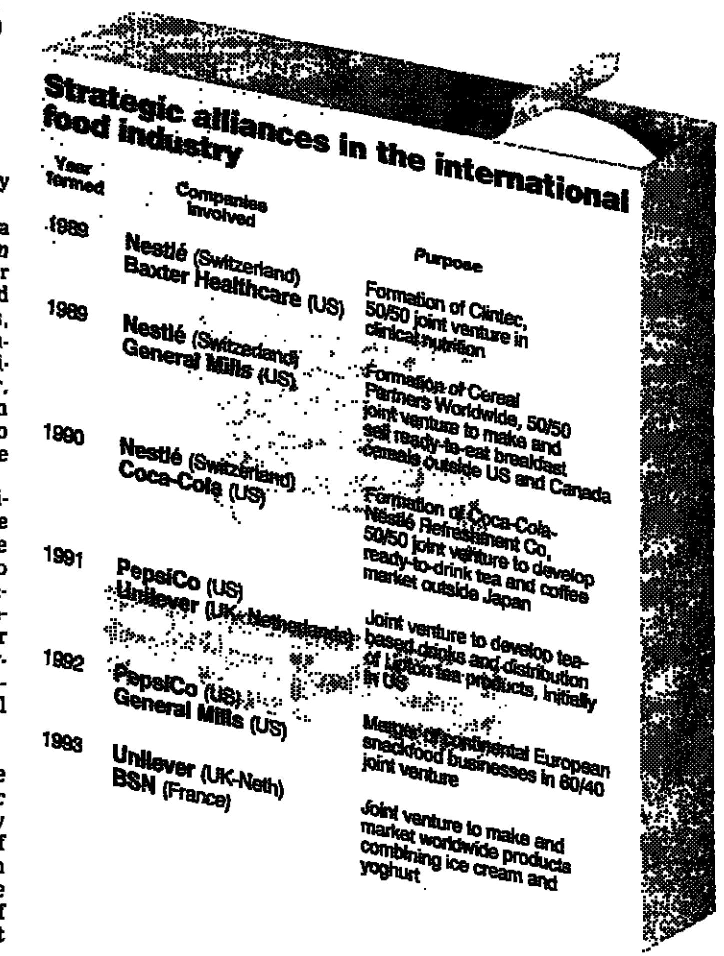
A further obstacle could be posed by anti-trust authorities in Washington and Brussels – though none of the deals so far has encountered regulatory objections.

Against that, Mr Maljers argues that successful joint ventures stand a good chance of surviving over the long term – not least because dissolving them could create "horrendous problems" over which partner would be entitled to ownership of the brands involved.

Meanwhile, he is pondering the next steps, and is particularly intrigued by the possibility of forming alliances with Japanese companies.

These could widen both Unilever's access to the Japanese market and its product range by extending it, for instance, to Japanese noodles.

However, he is also acutely aware that similar initiatives by western companies in other industries have ended in disappointment: "The big question is, is it conceivable that this kind of arrangement with the Japanese can be made to work?"



Stock redeemed by Time Warner

By Alan Friedman in New York

TIME WARNER, the leading US media and entertainment group, yesterday said it would redeem $2.5bn worth of convertible preferred stock.

The share buy-back provides firm evidence of the company's previously stated intention to reduce its bank debt and the cost of preferred stock dividends, both of which have been a heavy burden on the balance sheet.

Prior to yesterday's announcement – which will lead to the redemption of 45m shares of Time Warner's Series D preferred stock – the company had a total of $6.5bn of preferred stock outstanding. Dividend payments for this, which was issued as a result of the 1989 agreement by Time to merge with Warner Communications, cost the company $579m in 1991.

Following the $2.5bn redemption there will still be $1bn of Series D and $3.1bn of Series C preferred stock outstanding. The Time Warner board yesterday also authorised the future repurchase of the 20m remaining shares of Series D stock.

The funds for the $2.5bn buy-back have come from Time Warner's recent issue of a $1bn debenture and some $1.5bn of other debt securities.

Mr Gerald Levin, Time Warner's chief executive and president, said the repurchase would have a positive impact on operating results and would also reduce the future number of potential outstanding common shares.

The redemption price per share of the 45m Series D 11 per cent convertible exchangeable preferred stock is $53.85 plus 53.47 cents of accrued and unpaid dividends to the redemption date, making for a total of $54.38 per share.

Time Warner, which has moved rapidly to lower its gearing levels since Mr Levin ascended to the position of sole chief executive, has other plans to reduce its debt burden. These include the possible sale of up to $3bn of non-strategic assets over the next couple of years.

The group is also planning to seek a new international partner this year to invest more funds in Time Warner Entertainment, the subsidiary which contains film, movie, cable programming and cable operations assets.

In 1991 Toshiba and C Itoh of Japan committed a total of $1bn to buy 12.5 per cent of TWE.

SE Banken overhaul splits operations into three units

By Christopher Brown-Humes in Stockholm

SKANDINAVISKA Enskilda Banken, Sweden's largest commercial bank, is splitting its operations into three parts as part of an overhaul of activities.

A special division will be set up to house the bank's non-performing loans, following a model adopted by other loss-making Swedish banks.

Another division will cover private individuals and small/medium-sized businesses and the third division will be for large companies.

Senior management changes and a streamlining of the group's regional structure are also being implemented. A new credit organisation will also be built up.

SE Banken said the reorganisation would mean fewer division levels, stronger customer orientation and strengthened credit organisation.

Its move follows the contact between the bank and the government about possible state support, which was announced last month.

Mr Björn Svedberg, group chief executive, said: "Together with our discussions with the Ministry of Finance concerning the forms of our possible use of government support, the changes we are now introducing are an important step towards reaching the overall goal of emerging from the present crisis as a strong bank, with the best possible chances of regaining profitability and instilling confidence."

He stressed that the group would remain unified, dismissing rumours that it would be split into two separate banks.

In the first eight months of 1992 the bank recorded a SKr2.61bn ($361m) operating loss, with non-performing loans amounting to SKr11.9bn.

SE Banken said all non-performing loans above a certain size would be put into the special division, as would pledges, in the form of property and shares, which the bank has taken over. The bank's property company, Diligentia, will be part of this division.

Activities in the bank's Sweden division, which will focus on the private market and small/medium-sized companies, will be headed by Mr Lars Gustafsson, currently head of Treasury operations.

It will include some Swedish subsidiaries, trust and securities business and credit and charge card operations.

KOP losses set to double

By Christopher Brown-Humes in Stockholm

KANSALLIS-Osake-Pankki, Finland's leading commercial bank, said yesterday it was set to incur a FM3.5bn ($643.8m) pre-tax loss in 1992, more than double the FM1.64bn deficit recorded a year earlier.

Mr Pertti Voutilainen, KOP chief executive, said it was unlikely that the bank would return to profit before 1995. "We expect credit losses in 1993 to be as high as last year, when they were nearly FM4bn, and for there to be some improvement in 1994, but it all depends on the development of the Finnish economy."

He added that it was "almost certain" that the bank would need a capital injection this year, either through a rights issue or through support from the government, or possibly a combination of both. The bank estimates its current capital adequacy ratio at 8.5 per cent.

Last year KOP received a FM1.7bn preference capital injection from the Finnish government, but so far it has not sought funds from the state guarantee fund.

The huge 1992 loss is a symptom of the crisis in Finnish banking, which has been plagued by recession and bad debts. The government has recently promised a further FM30bn in support for the banking system, taking the total available to FM50bn.

In the first eight months of 1992, KOP recorded a FM2.53bn loss as credit losses soared to FM2.4bn. It warned at that stage that write-offs for the full year would total FM3.6bn and its overall loss would exceed FM3bn.

Mr Voutilainen said the bank's figures had improved slightly in the final four months of the year, compared with the first eight months, because of better margins and a good performance from the treasury division.

A plan to cut 1,500 jobs through 1992 and 1993 should produce annual savings of FM500m, said Mr Voutilainen. The bank planned to sell off some FM3bn-FM4bn in property – about half of its portfolio – to further strengthen its capital base.

Mr Voutilainen said KOP, which is already merging with STS-Bank, Finland's sixth largest bank, had contacted the state about a possible merger with the Savings Bank of Finland and Skopbank.

Shuwa stock sales add to Japanese retailers' woes

By Emiko Terazono in Tokyo

JAPAN'S retail sector, battered by a sharp downturn in consumer spending and falling profits, suffered a further blow yesterday when Shuwa, the troubled Japanese stock and real estate speculator, was seen as a forced seller of a number of retail share stakes.

Shuwa is under pressure to sell its stock holdings in order to reduce borrowings. Reports that Shuwa was selling its stake in leading department stores, Isetan and Matsuzakaya, undermined confidence on the Tokyo Stock Exchange, prompting Matsuzakaya to fall by its daily limit of Y200 or 16.3 per cent to Y1,020 ($8.16), while Isetan lost 16.8 per cent to Y1,980.

During the boom days of the late 1980s, Shuwa accumulated shares in a range of Japanese retailers for the claimed purpose of restructuring the industry.

However, the company used several of its share stakes as collateral on loans from a leading supermarket operator, Daiei.

Daiei, which now faces its own problems following diversification into credit service, real estate and tourism, is pressuring Shuwa to repay its debts.

Shuwa, which has total outstanding debts of Y850bn, is expected to release 17.2 per cent of Matsuzakaya shares next month, raising some Y27bn.

Efforts by Shuwa to raise cash through stock sales could trigger consolidation within the industry through an increase in mergers and acquisitions.

Shuwa has attempted to sell its 29 per cent stake in Isetan, which has a network of 10 stores in Japan, to Ito-Yokado, which owns Southland, the US operator of the Seven Eleven convenience store chain.

Ito-Yokado yesterday said talks over the acquisition of Isetan shares from Shuwa had fallen through, but it was still interested in adding a department store to its group.

Santander raises net income to Pta66bn

By Tom Burns in Madrid

BANCO SANTANDER, the large Spanish bank, raised net income by 11.8 per cent in 1992 to Pta66.1bn ($585m).

The result gave the bank a 1.1 per cent return on assets during last year and a 20.34 per cent return on equity.

Santander, which is a significant shareholder in Royal Bank of Scotland and First Fidelity Bancorporation of the US, raised the fee income from its domestic banking operations by 21.8 per cent to Pta69bn and restricted the growth of its operating expenses to 3.5 per cent.

In spite of the lowered allocation for depreciation and provisions, Santander has a 101.43 per cent coverage of non-performing loans and remains the best-protected bank in the domestic sector against such losses.

Santander is being investigated over its use of an alleged tax avoidance instrument called loan assignments between 1988-89. However, a judge at Madrid's senior monetary court last week revoked a controversial order that had forced the bank, just before Christmas, to post a Pta8bn bond as surety against possible fraud charges.

● Caja de Madrid, Spain's second-largest savings bank, reported pre-tax profits of Pta39.2bn for last year, an increase of 11.5 per cent on 1991, after raising provisions for bad debts by 52.7 per cent to Pta25.3bn.

The savings bank said that the sharp rise in provisioning reflected a cautious policy rather than a significant increase in bad debts.

The latter represented 2.7 per cent of total loans, which is below the banking sector's average.

Caja de Madrid's branch network grew to 1,136 offices last year following the opening of 134 new branches. Funds under management increased 23.9 per cent to Pta233bn.

Talks over stake in IMI collapse

By Robert Graham in Rome

TWO YEARS of tortuous negotiations for Italy's savings banks to buy a controlling stake in IMI, the Treasury-controlled financial group, have collapsed.

This leaves the way open for Cariplo, the Milan-based savings bank that is the largest such institution in the country, to bid for the Treasury's 50 per cent stake, valued at L4,000bn ($2.73bn). The government is under pressure to obtain an early sale since the revenues were intended to form the bulk of privatisation proceeds in the 1992 budget.

The deal originally envisaged Cariplo and ICCRI, the savings banks' umbrella institute, jointly acquiring the Treasury's entire 50 per cent in IMI on an equal basis through a financial holding company, Fincasse.

ICCRI, in view of the L2,000bn price for its 25 per cent in IMI, persuaded the Treasury to make a new offer. This would have involved Cariplo and ICCRI paying L3,200bn for 42 per cent of IMI, split equally in Fincasse.

ICCRI balked at the price, but the deal foundered because the savings banks were convinced that Cariplo intended to have the controlling hand – a concern that surfaced last Wednesday, when Cariplo insisted on having the presidency of Fincasse and giving this office a double vote on the board.

"ICCRI was being asked to pay the same money but risked being treated as a passive partner," said one banker familiar with the deal. Some also suspect that Cariplo has long wanted to bid for the entire Treasury stake, which would have created Italy's third-largest banking and finance group.

Mr Guido Carli, the previous treasury minister and former governor of the Bank of Italy, strongly promoted the sale of IMI to the savings banks, believing there was a natural synergy. The sale also promised to encourage the process of concentration within the fragmented network of regionally-based savings banks, of which there are around 80.

IMI is capitalised at L3,000bn and the Treasury has further shareholdings held indirectly through INA, the state insurance institute due to be privatised, and Banca di Roma.

Government officials are playing down suggestions that the Treasury may now seek to arrange a marriage between IMI and BNL, its large commercial bank.

However, the IMI saga underlines the difficulty in Italy of government-arranged "marriages" and the problems ahead in the planned privatisation of the banking sector, which is two-thirds controlled by the state.

Mediocredito banks on new look

Robert Graham examines the Italian state entity's expanded brief

MEDIOCREDITO Centrale has become the latest Italian state entity to begin the process of transformation into a joint stock company.

But at a time when the Amato government is seeking to radically cut back the state's dominant role in banking, Mediocredito, which specialises in credit for small and medium-size businesses and export finance, will remain firmly in the public sector.

The new-look Mediocredito has a strong capital base, and with its expanded brief is likely to become a prominent player not only in Italian banking but also on the international scene, especially raising funds on the money markets.

Traditional activities in export finance and funding small and medium-size companies will be subject to greater transparency. At the same time, Mediocredito is expected to diversify more, developing its merchant banking business, beginning project finance at home and abroad and marketing new financial products, as well as playing a part in underwriting the huge privatisation programme envisaged by the government.

The board approved the new statutes a month ago for the joint stock company, giving it net worth of L2,181bn ($1,581m) and L1,906bn capital. The capital essentially derives from the entity's previous endowment fund which came from direct state contributions.

The board itself, headed by Mr Gianfranco Imperatori, which prepared the change during the course of the year, will remain unchanged. It is now up to the Bank of Italy to given final endorsement to Mediocredito's new status

Initially, the Treasury will hold all the 190.6m shares with a nominal value of L10,000 but only 95.3m shares will be issued. All Mediocredito's previous obligations will be guaranteed by the Treasury and transfered to the new joint stock company.

According to Mediocredito's projections, it anticipates a net profit of L47bn next year against an estimated L15bn in 1992. Over the next four years, it expects the use of resources to grow on average by more than 12 per cent per annum.

Mediocredito is an odd hybrid – part state agency, part medium-term lending institution. In its latter capacity, it provided subsidised credit to banks helping small and medium-size businesses finance modernisation, technical innovation and expansion.

Further, it distributed funds coming from the European Investment Bank and used its state ownership to raise funds at the most competitive rates, which were in turn used by a network of regional state-controlled medium-term lending institutions – the Mediocredito Regionali. In tandem, it sought to promote the internationalisation of Italian industry through export credit, development assistance funding and joint ventures.

In 1991, Mediocredito's financing of small and medium-sized enterprises amounted to L2,179bn. This mainly consisted of refinancing capital investments, management of guarantee funds and the subsidy of finance to acquire or lease plant and machinery. While maintaining this side of the business – and ensuring it complies with EC competition policy rules – Mediocredito's management wants to take the initiative in easing the heavy burden of debt among small and medium-sized enterprises. At present, some 65 per cent of their debt is at crippling short term rates. The aim is to provide refinancing packages which encourage both the acquisition of new technology, better management techniques and mergers.

On the merchant banking side, it can now acquire stakes in financial groups and companies with "public interest purposes". Through its subsidiaries, Sofipa and Lombardia Fincapital, it can promote risk capital ventures.

All these latter activities as well as direct export credit financing, are regarded as non-agency work. As agent for the state, Mediocredito subsidises interest payments on loans used to finance Italian export supply contracts in non-EC countries. Last year this activity amounted to L5,327bn.

In parallel, Mediocredito has since 1987 managed a special fund to finance development aid and assist Italian companies in developing country joint ventures. Such joint ventures must assist the host country's use of resources and improve the balance of payments. Italian companies for their part must, as a rule, put up 50 per cent of the risk capital. In 1991, this activity amounted to L9,694bn covering ventures especially in Egypt but also in Argentina and Brazil.

This is an area Mediocredito is anxious to expand along with greater assistance in the funding of market studies, promotion of export opportunities and aid to overseas sales offices. Mediocredito sees itself as a catalyst in encouraging more small and medium-sized companies to look abroad for market opportunities.

Buoyant Sandoz bucks trend and lifts turnover to SFr14.4bn

By Paul Abrahams

SANDOZ, the Swiss pharmaceuticals and chemicals group, yesterday shrugged off the slow-down in the world economy when it announced turnover up 8 per cent from SFr13.35bn ($9.5bn) to SFr14.42bn for 1992. The improvement was mainly driven by the pharmaceuticals and nutrition divisions.

Profit figures were not given, but Sandoz said it expected the operating performance of the divisional companies to result in a substantial rise in group profits. In 1991, the group generated net profits of SFr1.1bn.

Pharmaceuticals sales improved 9 per cent from SFr6.27bn to SFr6.87bn, driven chiefly by prescription medicines. The over-the-counter business also did well, the company said. In local currencies, the rise was also 9 per cent.

Sandoz's nutrition division's turnover rose 13 per cent from SFr1.54bn to SFr1.75bn.

Turnover in the chemicals division increased 4 per cent from SFr2.36bn to SFr2.45bn. Most of the growth was in the Americas and Asia.

The agrochemicals division suffered from the reform of the EC's Common Agricultural Policy. However, the introduction of new products helped sales increase 6 per cent from SFr1.16bn to SFr1.23bn. In local currencies turnover rose 3 per cent. Revenues from the seeds division increased 7 per cent from SFr950m to SFr1.02bn. In local currencies the increase was 3 per cent.

The construction and environment division's turnover improved 3 per cent from SFr1.07bn to SFr1.1bn, despite low construction volume.

Ilva chief quits ahead of meeting

By Robert Graham

MR GIOVANNI Gambardella, the chief executive of Ilva, Italy's state steel group, yesterday announced his resignation 24 hours before a special meeting called to consider losses in 1992 close to L2,000bn ($1.36bn).

In a brief note, Mr Gambardella, who presided over the birth of Ilva in 1988, said he was making way for new blood having carried out a specific phase in the reorganisation of the state steel business. However, the abrupt nature of his departure was underlined by a curt statement from IRI, the state holding company that controls Ilva.

The statement made no reference to his record in establishing Ilva, from the confused remains of the former state-run steel sector centred round Finsider. It merely said an interim board would operate until January 23, when a new management would be considered.

The full extent of Ilva's losses in 1992 are understood to have only become known to IRI very recently. At the beginning of the year, Ilva was indicating losses would be in the region of L1,000bn to L1,300bn as a result of a depressed market, high finance costs and low prices in the international steel market. But yesterday IRI officials indicated the figure to be announced today would be close to L2,000bn. This compared with a modest L115bn profit only two years earlier.

IRI stressed Ilva's restructuring plan would proceed as planned.

UK food processor bids for fresh produce group

By Andrew Bolger in London

ALBERT FISHER, the food processing and distribution group, yesterday made an agreed cash offer worth £29.3m ($44.53m) for Hunter Saphir, the fresh produce, herbs and spice company which has seen its share price collapse since 1989.

It is the first acquisition by Albert Fisher since Mr Stephen Walls replaced Mr Tony Millar as chairman in July. Mr Millar built Albert Fisher by acquisition into one of the UK stock market stars of the 1980s, but stepped down after a profits warning caused the share price to drop sharply.

Mr Walls said Hunter Saphir's fresh produce business would make the enlarged group one of the leading suppliers to big retailers such as Tesco and Marks and Spencer. Hunter Saphir also had good links with growers in South Africa and Israel, whereas Albert Fisher had been too focused on South America and southern Europe.

Mr Nicholas Saphir, chairman and chief executive of Hunter Saphir, will join the board as head of a combined European fresh produce division.

Albert Fisher is likely to sell Hunter Saphir's new British Pepper and Spice factory in Northampton and is already aware of significant third-party interest in acquiring it. The factory was rebuilt after a fire in 1989, but has since suffered from a loss of customers and overcapacity.

Hunter Saphir's shares have fallen from a peak of 173p in 1989.

The offer is 42p for Hunter Saphir ordinary shares, which were suspended at 36p on Wednesday, and 100p for the preference shares.

Albert Fisher's shares were unchanged at 69p. The purchaser will also assume about £10m of debt.

The offer has already been irrevocably accepted by shareholders who control 34.1 per cent of Hunter Saphir's ordinary shares and 81.1 per cent of both the A and B classes of preference share. Those accepting include Berisford International, the commodities and property group, which owns 19.8 per cent of the ordinary shares and all of another class of preference shares.

Schroders is acting for Albert Fisher, while Hunter Saphir is being advised by NM Rothschild.

DTI inspectors report on Suter share dealings

By Angus Foster in London

THE UK Department of Trade and Industry investigation into share dealings by conglomerate Suter and its chairman, Mr David Abell, has found no evidence that these and other parties acted in concert, but has strongly criticised Mr Abell and several associates.

The report calls into doubt some of Mr Abell's evidence, describing it as "inconsistent" or seeking "to mislead". The report also questions the timing of private share purchases by Mr Abell in Suter's potential bid targets, and accused Suter's non-executive directors of failing in their duty to shareholders.

However, the DTI – which ordered the report in July 1988 – said no further action would be taken. "There are not sufficient grounds to take action as a result of this report," it said.

The DTI also declined to comment on a separate investigation into insider dealing. Suter confirmed yesterday it knew such an investigation had taken place but because of DTI rules on confidentiality, the outcome of the investigation was not known.

The concert party investigation stemmed from a television programme in December 1987 which alleged Mr Abell and connected individuals acted in concert in taking stakes in a number of companies in the mid-1980s, when Suter was growing rapidly through acquisitions. Mr Abell is suing Channel 4 for libel over the allegations, which he denies.

The six companies studied by the inspectors included Metal Closures, an industrial holding company in which Suter built up a 21.3 per cent stake, and James Neill Holdings, a toolmaker.

The inspectors found no evidence in any of the cases of parties acting in concert, although they brought attention to the close relationship between Mr Abell, his stockbroker Coni Gilbert and Sankey and other individuals, described as the "David Abell fan club", who followed Mr Abell's business ventures and tips. "We do not consider there to be evidence to suggest this fan club overstepped the mark and became a concert party," the report said.

Suter welcomed the publication of the report, but Mr Nigel Blyth-Tinker, company secretary, said the inspectors made "a number of errors".

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EUROPEAN COMPANY NEWS IN BRIEF

Randstad buys US jobs agency

RANDSTAD, the biggest temporary employment agency in the Netherlands and the fourth-largest in the world, said it had agreed in principle to take over a small agency in Atlanta, Georgia, fulfilling its long-held strategic goal of expanding into the US, writes Ronald van de Krol in Amsterdam.

It gave no financial details, but said that the agency, Temp Force Inc, had 12 offices in and around Atlanta and a full-time staff of 90. The company, which will continue to be run by its founder and sole shareholder, Mr Dewey Sadka, finds temporary jobs for some 15,000 workers a year.

Randstad, which was floated on the Amsterdam Stock Exchange in 1990, said it would use its financial strength and know-how to help Temp Force expand. The Dutch company has been looking for an acquisition in the US for several years. It already has a large presence in Belgium and France and smaller shares of the UK and German markets.

Vard shares fall on strategy fear

SHARES in Vard, the Norwegian ferry and cruise group, have tumbled by nearly 20 per cent on the Oslo bourse since Monday following reports that its board is divided over a strategy to break up the group, writes Karen Fossli in Oslo.

Vard was also hit by a gloomy forecast from Alfred Berg, a Scandinavian analyst, which Vard executives rejected as unfounded. Vard shares closed down NKr3 to NKr29.50 ($4.33) in Oslo yesterday, having started the week at NKr37.

The decline has also been spurred by the rejection of an offer of more than NKr1bn by a group of investors, led by a Vard board member, to acquire the ferry business. Talks are said to be still under way.

Analysts said Vard's board was split over selling the ferry business, which generates earnings, before disposing of the cruise business. Vard's cruise business accounts for the greatest portion of overall group debt.

The company has repeatedly denied that it has financial problems, but has said that it was working on its companies' financing in order to secure a debt maturity profile more in accordance with the life expectancy of their cruise and ferry fleets.

Dania victim of Danish crisis

DENMARK'S agricultural crisis claimed a new victim yesterday when Dania Holding, the country's largest agricultural machinery group, with 950 employees and a turnover of approximately DKr1bn ($162m), suspended payments, writes Hilary Barnes in Copenhagen.

Dania's main subsidiary is Dronningborg, manufacturer of combine harvesters, most of which are produced for sale in Europe by Massey Ferguson.

Dania, which is an unlisted company, will try to arrange a financial reconstruction.

State property sale nearer

THE SALE of the portfolio of property assets in the hands of the Italian state came a stage closer yesterday with the establishment of Immobiliare Italia, writes Robert Graham in Rome.

The company, with an initial L7bn ($4.8m) capital, will manage the valuation and sale of those property assets deemed worth selling.

The Ministry of Finance has so far examined 10,000 of the 16,000 potential properties.

Of these, roughly half could be sold, with an approximate value of L1,000bn.

Immobiliare will begin with public sector shareholders or those financial institutions with a state stake.

Equity underwriting slide depresses Bear Stearns

By Patrick Harverson in New York

BEAR STEARNS, the US securities house, yesterday reported a 17 per cent decline in second-quarter profits to $64.3m, the latest indication that the boom in Wall Street earnings slowed down at the end of last year.

The main feature of the quarter, which covered the period from October to December, was a sharp fall in equity underwriting volume, which led to a *34 per cent decline in* Bear Stearns' investment banking revenues to $63.2m.

There was a similar, if less pronounced, setback in trading earnings, which slipped nearly 3 per cent to $231.6m in the wake of less favourable conditions in fixed-income markets.

Interest income also contributed to the overall decline, falling *to $225.5m, from* $260.3m a year ago.

Bear Stearns' other main line of business, however, put in a strong second-quarter performance.

Revenues from broking commissions jumped to $105.5m, up from $97.7m at the same stage of fiscal 1992, as a result of higher equity trading volume and an increase in the number of the firm's correspondent *clearing* clients.

Bear Stearns is the second brokerage firm this week to report lower quarterly earnings because of a downturn in investment banking and trading revenues.

This indicates that business conditions in the final three months of 1992 were nothing like as profitable as in the first three quarters of last year, when Wall Street firms were firing on all cylinders.

The final three months of 1992, however, may turn out to have been a brief interruption of an upward trend.

The first few weeks of 1993 have opened strongly for the securities industry, with extremely heavy trading of equities, and record levels of *new* corporate debt coming to the market.

Mr Alan Greenberg, chairman of Bear Stearns, said yesterday: "Business has been good since the beginning of January, and we hope it will continue."

GE up 6% with boost from power systems

By Martin Dickson in New York

GENERAL Electric of the US reported a 6 per cent increase in fourth-quarter earnings, helped by an improving domestic economy and strong shipments from its power systems business.

The company made $1.34bn, compared with $1.26bn in the same period of 1991. Earnings per share rose 8 per cent from $1.46 to $1.57, and revenues rose from $17.6bn to $17.8bn.

Mr Jack Welch, chairman, said GE was "better positioned than ever before, with a strong balance sheet, very strong cash-flows and excellent prospects for earnings growth".

In 1992 overall, GE's earnings rose 7 per cent to $4.72bn, while its share repurchase programme helped lift earnings per share 8 per cent to $5.51. Revenues rose 3 per cent to $62.2bn.

GE estimated that earnings from continuing operations – excluding its aerospace division, being sold to Martin Marietta – would show a rise of around 10 per cent.

Mr Welch said the performance in 1992 had been led by *double-digit earnings* increases at GE Financial Services, Power Systems and Medical Services.

He added that the year's operating highlight was "the increasing ability of the businesses to turn the rhetoric of 'speed' into reality, as demonstrated by record inventory turnover and productivity of nearly 5 per cent during a *period of slow global growth.*

"This not only increased earnings but also translated into a record $5.3bn in operating cash-flow, some $1.3bn over 1991 results."

Earnings at GE Financial Services totalled $1.499bn for the year, 18 per cent up on 1991's $1.275bn. GE Capital, the main financial services arm, saw double-digit earnings growth, and Kidder, Peabody, the securities house, achieved "sharply improved" results.

Amdahl returns to profitability

By Louise Kehoe in San Francisco

AMDAHL, the US mainframe computer manufacturer, returned to profitability in the fourth quarter and increased revenues by about 27 per cent over third-quarter levels.

Net income for the fourth quarter amounted $2.5m, or 2 cents a share, on revenues of $745m. This compared with a net loss of $12.7m, or 11 cents, on revenues of $389.9m, in the corresponding period a year ago.

For the full year, the company recorded a loss of $7m, or 6 cents a share after charges of 11 cents a share to cover costs of a 9 per cent reduction in workforce completed in November.

In 1991, Amdahl reported net income of $10.6m, or 10 cents per share, including a tax credit of 6 cents.

Revenues for 1992 rose 48 per cent to $2.5bn from $1.7bn in 1991.

The rise in fourth-quarter revenues reflects the normal cyclical pattern in which the largest number of mainframe computer purchases were typically made near year-end, said Mr Joseph Zemke, Amdahl president and chief executive.

Sales of data storage products also increased substantially, he added.

Mr Zemke noted, however, that prices have been under competitive pressure for much of the year, cutting into profit margins.

He remained guarded in his outlook for 1993, particularly the first quarter which is generally the weakest quarter of the year.

● Tandem Computers announced a 6 per cent increase in first-quarter revenues, which rose to $483.9m. Net income was $17.5m, or 16 cents per share, including a gain of $12.4m, or 11 cents, from a change in accounting for income taxes.

In the same quarter a year ago, the company reported a net loss of $94.6m, or 88 cents a share, after a pre-tax restructuring charge of $98m.

Marketing sales and general expenses declined for the first quarter, Tandem said. As well as continuing to cut costs, it is considering finding partners to invest in some of its subsidiaries.

Obstacles beset PC manufacturer

Borland faces growing competition and a price war, **writes Louise Kehoe**

JUST a year ago, Borland International was one of the fastest-growing companies in the personal computer software industry.

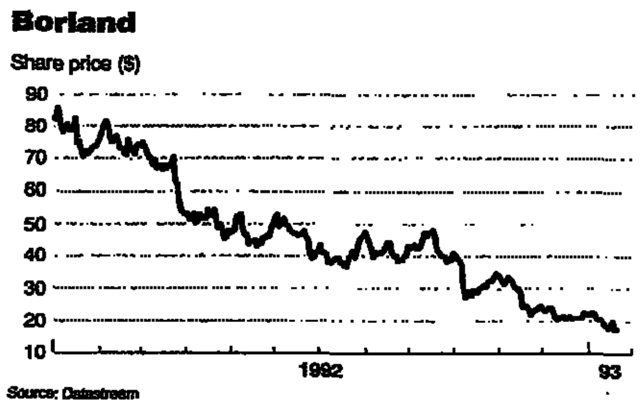
The Scotts Valley, California, software developer had cemented its leadership in the database management program market with the acquisition of Ashton-Tate, and expectations were high for several new products.

Today, with some of these products still yet to be delivered, Borland is facing mounting competition and its growth *has ground to a halt. The* company's stock, which reached a peak of $86¾ in January 1992, has been trading this week at under $18 after disappointing third-quarter results.

On revenues down 9 per cent at $104.3m, Borland reported losses of $61.3m, or $2.34 a share, compared with net profits of $7.5m, or 28 cents, in the same period last year. The *results included charges of* $34.8m for 350 job cuts announced in December, consolidation of facilities, and inventory write-downs.

Borland is now engaged in a potentially crippling price war with PC software market leader Microsoft and other competitors as it makes a long-delayed entry into the market for applications programs that *run with the popular Microsoft* Windows software.

The delays have cost Borland dearly, forcing it to sit on the sidelines as sales of Windows



applications programs soared to an estimated $2.9bn last year, an increase of 238 per cent over 1991, according to a market study published this week by Dataquest, the US market research group.

To make matters worse, when Borland finally launched a Windows version of Quattro *Pro, its spreadsheet program,* in September, the company blundered by packaging the new program with an existing DOS version of Quattro Pro.

The bundled software was supposed to appeal to a broad range of users, including those who use either Windows or DOS. But Borland has since acknowledged that instead it caused confusion. It withdrew the package in December and relaunched Quattro Pro for Windows as a separate product at a steeply discounted price. Third-quarter revenues were reduced by $10.7m, the company said, because retailers would receive rebates on their earlier purchases of the Quattro Pro product.

The price battle began in November, when Microsoft invaded Borland's most prized territory, the market for database management programs, *with the introduction of* Access, a PC database program for use with Windows. Offered at an introductory price of $99, about one-fifth of the price of Borland's established database products, Access has taken the market by storm and Microsoft expects to sell 750,000 copies by the end of this month.

Firing back, Borland has announced a new "introductory price" for Quattro Pro Windows of $99, down from $495.

The company also said that when it finally begins shipping Paradox for Windows, the first of two new database management programs, it too will be heavily discounted to $149 for 90 days.

"Borland is celebrating its two-pronged entry in the Windows market with this promotion," said Mr Philippe Kahn, chairman, president, and chief executive.

Financial analysts, however, are already counting the cost and lowering estimates for Borland's fourth-quarter earnings.

In the longer term, it appears the "introductory prices" being offered by Borland and Microsoft could establish new expectations among customers for downward price trends like those for PC hardware.

Software developers may have a difficult time persuading buyers to pay higher prices, analysts warn.

While the price war wages, Borland is also battling in the courts with Lotus Development. Last year, Lotus won a copyright infringement suit filed against Borland in July 1990, forcing Borland to cut certain features out of its Quattro Pro products. Last week, however, Lotus charged that the revised versions of Quattro Pro still infringe its copyrights.

Borland is confident it will ultimately prevail in the dispute. However, if Lotus wins then Borland may be forced to pay damages, possibly amounting to millions of dollars.

Charges push Texaco lower

By Alan Friedman in New York

SPECIAL charges resulted in fourth-quarter 1992 net profit at Texaco, the US energy group, declining to $313m, or $1.11 a share, from $324m, or $1.15, in the corresponding period of 1991. Revenues for the quarter were down marginally at $9.7bn, against $9.75bn.

For the whole of 1992 Texaco's net profit slumped by 45 per cent to $712m ($2.37 per share).

This figure, however, included a $300m charge for changes in accounting principles. Revenues for 1992 were $37.7bn, down from $38.3bn in 1991.

Mr James Kinnear, outgoing Texaco chief executive, said that beyond special charges, the decline in 1992 profits occurred primarily from soft market conditions for refined products, crude oil market conditions and a generally difficult business environment.

But he added that in 1992 Texaco realised cash savings of about $500m from reductions in operating and overhead expenses.

Texaco said its fourth-quarter operating income before taking the charges was $416m, up from $295m in the last quarter of 1991.

Despite tax benefits of $40m, the fourth-quarter net profit was depressed by special charges. These included a special write-off of $34m caused by property damage from a fire at Los Angeles refinery and Hurricane Andrew.

In addition, there were $58m of payments for staff severance payments and $64m for charges associated with asset-write-downs and reserves for environmental clean-up matters.

Operating earnings from US petroleum and natural gas exploration and production in 1992 were $543m, down from $605m. Non-US exploration and *production operating profits* were $416m in 1992, against $421m in 1991.

Manufacturing and marketing operating income in the US was $276m in 1992, against $188m in 1991, and $300m outside the US, down from $647m in 1991.

Total capital and exploration spending in 1992 was $3.15bn worldwide, against $3.57bn in 1991. On Wall Street, Texaco's share price was $⅜ lower at $57¾ before the close.

Toyota to create US parts facility

By Kevin Done, Motor Industry Correspondent

TOYOTA, the leading Japanese carmaker, is to invest more than $75m in the US to create a new North American parts operation with the aim of increasing the use of replacement parts purchased in the US to more than 50 per cent by 1995.

Of this sum,$67m will be invested in a new parts warehouse in Ontario, California, which is planned to begin operations by early 1996. The remainder will be invested in new parts ordering and distribution systems.

The facility, which will be one of the largest Toyota parts centres in the world, will have a stock of around 200,000 different components.

Toyota said that the new organisation would cut the lead-time for supplying parts to its North American distributors from 40 to seven days by moving replacement parts inventories from Japan to the US. Distributors' parts inventory would also be cut by $100m.

● Toyota's domestic production of cars and commercial vehicles in Japan fell by 3.8 per cent last year to 3,931,341, the company reported in Tokyo.

Domestic car output declined by only 0.3 per cent to 3,171,311, while truck and bus production dropped steeply by 16 per cent to 760,030.

Overseas vehicle output rose sharply, however, with a 14.1 per cent increase to 764,292 *helped largely by the expansion of production in North* America.

In Europe, Toyota opened its first car assembly plant in December with the start-up of its £700m plant located in the UK.

Toyota's total vehicle exports from Japan declined marginally by 0.3 per cent to 1,698,236, but of this total car exports rose by 3.6 per cent to 1,269,180. The group's new car registrations in Japan fell by 8.9 per cent to 1,574,308.

McDonnell Douglas held back by C-17 side

MCDONNELL DOUGLAS, the US *aerospace group, expects* 1992 earnings to be well below 1991 because of loss provisions in its C-17 military transport aircraft programme and lower earnings from its commercial aircraft segment, AP-DJ reports.

Mr John F. McDonnell, the chief executive, said: "We expect the C-17 programme to be profitable in 1993, as we *complete the transition from* development into production.

"Except for the C-17 programme, our government aerospace programmes, as a group, had their best earnings in corporate history," he added.

McDonnell said earnings for the commercial aircraft segment, although reduced, were positive. The segment had operating earnings of $151m in *1992, compared with $291m a* year earlier. Operating income in the fourth quarter was $36m *compared with $118m in the* 1991 fourth quarter.

The company's total aerospace debt fell to $2.77bn by year-end 1992. Debt stood at $2.32bn at the end of 1991.

Excluding pre-tax loss provisions of $383m recorded on the C-17 programme, the McDonnell's military aircraft segment had operating earnings of $460m in 1992, compared with *$404m in 1991. Operating* income for the fourth quarter was $115m, against $79m.

The company's missiles, space and electronic systems segment had 1992 operating earnings of $230m, compared with $168m. Fourth-quarter earnings were about even with the year-ago $49m, although the most recent quarter was negatively *affected by a $29m pre-tax* write-off.

Sara Lee hits record

By Laurie Morse in New York

SARA LEE, the Chicago-based food and consumer goods concern, hoisted earnings to a record $220m, *or 44 cents* a share, in the second quarter, up 15.9 per cent from last year's $190m, or 38 cents per share.

Sales advanced to $3.8bn, also a record and a rise of 6.8 per cent on $3.6bn in the 1991 quarter.

For the first six months, the group's earnings were $362m, down from the first half of fiscal 1992 when the sale of the company's European-based over-the-counter pharmaceutical business added a one-time gain that pushed earnings up to $453m.

Excluding the gain, first-half earnings per share were 72 cents, up from 63 cents a year ago.

Sara Lee's sales for the first six months of the fiscal year climbed to $7.4bn from $6.7bn a year ago.

Operating income from packaged meats and bakery businesses was up 7.8 per cent in the quarter at $81m, and coffee and grocery earnings were up 8.6 per cent at $73m.

European volume for retail coffee rose 2 per cent in the quarter and 3 per cent in the first six months of the fiscal year.

Polaroid warns of sharp fall

POLAROID, the US camera and films group, expects to report 1992 operating profit "significantly lower" than in 1991 due to a sharp decline in fourth-quarter European film sales, Reuter reports.

Fourth-quarter European sales were hurt by the recession, but worldwide sales held up reasonably well through the first three quarters and, with the exception of Europe, through the fourth quarter.

Westinghouse posts $1.29bn full-year loss

By Martin Dickson

WESTINGHOUSE Electric, the US conglomerate, reported a fourth-quarter net loss of $1.18bn and full-year loss of $1.29bn as it took a large and previously-announced charge to cover the disposal of its troubled financial services business.

However, its fourth-quarter *net income from continuing* operations was also down, due primarily to a decline in earnings at its electronic systems operations and the dilution of earnings per share through a preferred stock issue.

Mr Paul Lego, the chairman, warned the group's first-quarter results might be below those for the same period of 1992, due to lower-than-expected order rates. He said the aim was to have better results for the full 1993 year, with improvement coming in the second half.

The fourth-quarter net loss was $3.44 a share against profits of $171m, or 51 cents, in the same period of last year. Sales and revenues were little changed at $2.35bn, against $2.36bn.

Westinghouse took a special charge of $1.28bn for the disposal of its financial services business.

Net income from continuing operations in the quarter was $91m, or 22 cents, against $137m, or 41 cents a year ago.

For the full year, it reported net income from continuing operations of $348m, or 93 cents, against $265m, or 84 cents, in 1991. Its net loss was $1.29bn, or $3.81 a share, against a net loss of $1.09bn, or $3.46 a share in 1991.

Weak demand hurts Monsanto

By Karen Zagor in New York

MONSANTO, the US chemicals group, yesterday posted underlying fourth-quarter profits which tumbled to $12m from $51m, but the company's balance sheet was cluttered with special items which brought net income to $141m, or $1.14 a share.

Mr Richard Mahoney, chairman and chief executive, said: *"Undeniably, 1992 was a difficult year in which to operate."* The company has been hit by low prices and weak demand for chemicals and by a poor performance by its Searle pharmaceutical business.

During the 1992 quarter, Monsanto took an after-tax restructuring charge of $425m, or $3.44 a share. This was more than offset by a gain of $554m, or $4.49, from the sale of its *Fisher Controls* unit.

A year earlier, Monsanto had net income of $66m, or 53 cents, on sales of $1.89bn. Earnings included $15m from Fisher Controls.

Sales in the 1992 quarter slipped 1.6 per cent to $1.86bn, while the cost of goods sold rose 12.5 per cent to $1.26bn, leaving Monsanto with a 21.6 per cent decline in gross profit *to $603m from $769m.*

For the full year, Monsanto had a net loss of $88m, or 71 cents, on sales of $7.8bn, against net earnings *of* $296m, or $2.33, on revenues of $7.9bn.

In 1992, Monsanto adopted new accounting standards for a cumulative charge $540m. Income was further reduced by special charges of $47m.

Restructuring charges in 1991 reduced after-tax earnings *by $325m, or $2.54.*

Monsanto, which is cutting about 3,200 jobs, mainly at Searle, said Searle's underlying operating income fell in the quarter after stripping out charges of $265m for cost cutting.

The company said underlying operating income for its agricultural group increased significantly in the fourth *quarter, led by improved sales* of its Roundup herbicide.

Underlying operating profits from its chemical group declined in the latest quarter, reflecting weak industrial demand and disappointing prices and sales volumes in Europe.

On Wall Street, shares in Monsanto fell $1⅛ to $50¾ before the close.

Bowater loss blamed on poor prices

By Martin Dickson

BOWATER, the US newsprint manufacturer, has incurred a $20.9m fourth-quarter net loss, which it blamed on poor prices in its main markets.

It forecast that 1993 would be better than last year, but still difficult.

The loss, which worked through at 59 cents a share, on sales of $398.9m, compared with income of $1.6m, or 2 cents, on sales of $325.9m in the same 1991 period.

For 1992 as a whole, the company suffered a net loss of $82m, or $2.34 a share, on sales of $1.49bn, against net income of $45.6m, or $1.15 a share, on sales of $1.29bn in 1991.

The 1992 results are not directly comparable with the previous year, since they include Great Northern Paper, which Bowater bought at the end of 1991.

Mr A.P. Gammie, chairman, said newsprint prices remained at unprofitable levels, while currency problems and the economic slowdown in Europe had resulted in a significant drop in market pulp export prices.

He noted signs of a continuing pick up in newsprint demand which should "produce improvements in operating results by the fourth quarter of 1993 and beyond."

Anglo-American lifts profits

By Patti Waldmeir in Johannesburg

ANGLO-AMERICAN, the world's largest gold producer, increased attributable profits at its gold operations by 33 per cent to R202.7m ($66m) in the December quarter from the preceding three months to September.

Gold production rose 2 per cent to 66,399kg, while average revenue for the quarter was R34,040 per kg, a 3 per cent rise from the previous quarter. Average unit costs were reduced by 1 per cent to R26,387 per kg.

Announcing the group's results, Mr Clem Sunter, chairman of the gold and uranium division, said he was bullish about gold price prospects. He noted that large sales of gold reserves by the Dutch central bank had failed substantially to depress the price at the end of last year, adding: "We think that's a sign that the gold market is quite capable of absorbing quite large tonnages of gold".

He believed further sales of gold reserves would keep the price in a narrow band until the end of the year, when he expected a "considerable improvement". "There should be a genuine long-term upward *shift in the gold price towards* the end of the year as the world economy improves," he said.

Mr Lionel Hewitt, the division's managing director, said Freegold's 25.8 per cent increase in attributable profit, which rose to R75.5m, was driven by an increase in gold production and higher revenue.

Vaal Reefs recorded a 7.7 per cent rise in attributable profit for the 1992 year, rising to R212.2m. Production and revenues were flat, but costs were slightly down, yielding the profit increase.

At Western Deep Levels, attributable profit for the year *to December fell by 20.1* per cent to R86.4m.

UAL plans to raise $1.5bn

By Patrick Harverson

TAKING ADVANTAGE of new Securities and Exchange Commission rules that allow companies more flexibility in registering securities offerings, UAL and its subsidiary, United Airlines, announced plans yesterday to raise as much as $1.5bn through sales of new debt, equity and other securities.

UAL said the money would be used for general corporate purposes, "including the repayment of outstanding debt and the financing of capital expenditures by United Airlines".

In the joint shelf registration statement, UAL said it would raise the funds through any combination of debt securities, debt warrants, and equipment trust and pass-through certificates of United Airlines, and of convertible debt, preferred stock, convertible preferred stock and common stock of UAL.

PTTEP to lead Thai privatisation drive

By Victor Mallet in Bangkok

PTT Exploration and Production, part of the state-owned Petroleum Authority of Thailand (PTT), will lead a 1993 privatisation drive by Thai companies involved in the oil business when it offers shares to the public over the next few weeks.

PTTEP wants foreign investors to buy a substantial number of the new shares, and there will be "roadshows" in Hong Kong and London in mid-February to publicise the forthcoming flotation on the Stock Exchange of Thailand.

"It's the first privatisation from here in recent years to have a specific portion targeted at the international investor," said Mr Tira Wannamethee, director of Barclays de Zoete Wedd in Thailand. BZW and Goldman Sachs are lead co-ordinators and advisers for the offer.

On offer are nearly 40m shares, representing 15 per cent of the company's enlarged share capital. Of these, 24m are being set aside for Thai and 16m for foreign investors, although *the foreign* portion could be reduced by 4m if domestic demand is exceptionally high.

The price will not be set until about February 22, but it is thought that PTTEP is seeking to raise between Bt1.2bn ($47m) and Bt1.5bn, which sug*gests a price of around* Bt35 a share and values the company at more than Bt8bn.

PTTEP shares should be listed on the SET in April. Other oil-related companies hoping to come to the market soon are Thai Oil and Bangchak Petroleum, both refiners, and the 51 per cent state-owned National Petrochemical Corp.

"Oil is the biggest industry in Thailand and completely unrepresented on the market," said Mr Ted Pulling of brokers W. I. Carr in Bangkok.

PTTEP has stakes in three projects already producing oil and gas in Thailand, and in the *development of the Bongkot* offshore gasfield. The company is also exploring another offshore bloc together with British Gas and negotiating with Total for a share in the development of Burma's offshore Martaban gasfield.

Another tranche of the company is likely to be sold to the public in a couple of years, as cash-flow improves and debt is reduced with the help of the expected revenue stream from Bongkot. In 1991, total revenue rose to Bt1.32bn from Bt1.29bn in 1990, while net income fell to Bt247m from Bt283m.

All-round gains boost returns at Union Pacific

UNION PACIFIC, the US railway and resources group, expects increased earnings in 1993, Reuter reports.

It said all four of its operating companies reported significant gains in 1992, and two achieved record results.

Fourth-quarter earnings were $192m, or $0.94 a share, on revenues of $1.92bn, against $184m, or $90 cents a share, on revenues of $1.80bn last time.

Year-end earnings came out at $728m, or $3.57, on revenues of $7.29bn, compared with $64m, or 31 cents, on revenues of $7.03bn.

Alcan Australia reports third consecutive deficit

By Kevin Brown in Sydney

ALCAN Australia, a 73 per cent owned subsidiary of Alcan Aluminium of Canada, yesterday announced its third consecutive annual loss and forecast further difficulties in the current year. The board said it would pass the dividend for the second consecutive year.

Alcan said it made a net loss of A$15.5m (US$10.6m) for the 12 months to the end of December, compared with a loss of A$28.9m in the previous year. Revenue was down from A$590m to A$576m despite a 3.7 per cent rise in sales volume.

The group made a pre-tax profit of A$1.2m, compared with a loss of A$29.2m in the previous year. It said the improvement reflected efficiency improvements and cost-cutting.

However, the return to profit was offset by a loss of A$17m on currency translations caused by the effect on the group's US dollar loans of a fall in the value of the Australian dollar to 68.88 US cents from 74.77 cents.

Alcan said no improvement in aluminium prices was expected in the short term. "We expect 1993 to be a difficult year, but intend to make further progress in improving costs and competitiveness," the board said.

Gilts buoyed by further batch of bad economic data

By Antonia Sharpe in London, Tom Burns in Madrid and Patrick Harverson in New York

UK government bonds rose in busy trading as a further batch of bad economic data fanned hopes of an early cut in interest rates, in spite of sterling's weakness.

The pound fell by more than two pfennigs against the D-Mark yesterday.

Some dealers said that yesterday's figures, combined with Wednesday's disappointing December retail sales, might force the government to reduce the base rate further before the Budget on March 16.

The 60,800 jump in unemployment last month topped market forecasts of between 25,000 to 60,000, while the 0.5 per cent monthly fall in manufacturing output in November fell short of expectations of a flat result.

There was demand at both the short and long end of the market. The market's firm tone enabled the Bank of England to sell its remaining holding in the £1bn tranche of 7¼ per cent gilts due 1998, issued on December 30 last year. As a result of the extra supply at the shorter end, long-dated gilts outperformed the rest of the market, resulting in a flattening in the yield curve which had steepened recently on concerns about the forthcoming auction.

The Liffe March long gilt futures contract closed at 100.20, up 3/32 on the day in good volume of just over 47,000 lots. The benchmark 9 per cent gilt due 2008 closed at 102 4/32, up ¾ on the day, to yield 8.73 per cent, down from 8.82 per cent.

GOVERNMENT BONDS

■ GERMAN government bond prices rose slightly in subdued trading, as the Bundesbank's decision to keep interest rates unchanged was in line with expectations.

The Liffe March bund futures contract rose to 92.98 from Wednesday's closing of 92.94, in volume of just over 42,000 contracts. The benchmark 7⅛ per cent December 2002 bund was at 100.32 after Wednesday's final price of 100.28.

Dealers said that the forthcoming German money supply data for December and the preliminary inflation data for January, both due out in the next few days, might have prevented the central bank from easing.

Dr Richard Reid, chief economist at UBS in Frankfurt, forecasts an annualised rate of 9.2 per cent for M3 in December, only marginally down on November's 9.3 per cent.

Furthermore, he points out that this year's rise in VAT is likely to lift inflation by 1.2 per cent month-on-month in January. This would give a year-on-year rise of 4.5 per cent compared with 3.7 per cent in December.

■ VOLUME in the new German medium-term bond (Bobl) future launched yesterday on Liffe reached an estimated 8,700 contracts on its first day of trading.

According to Liffe, this represents a 40 per cent share of the market, which Liffe shares with the Deutsche Terminbörse, the German exchange.

■ SPANISH debt held by non-residents rose to Pta1,870bn at the end of last year from a Pta1,600bn low in mid-November, a clear swing from the net sales by foreigners of government paper that set in during mid-1992.

Factors rallying the Spanish bond market include ERM improvement, together with the stability of the peseta, and a recent easing of the inter-bank market.

Rates for 3-month Treasury bills fell at the mid-week auction by 0.5 points to 13.995 per cent and the 10-year bond price rose by a point to 91.10 per cent.

For the first time since July last year the 10-year yield dropped below 12 per cent.

■ US Treasury prices were little changed in thin trading yesterday morning as the market concentrated on supply issues and the looming refunding round.

By midday, the benchmark 30-year government bond was down 1/32 at 103 7/32, yielding 7.333 per cent. At the short end of the market, the two-year note remained unchanged at 100 12/32 to yield 4.352 per cent.

The Treasury was due to announce the size of next week's two-year and five-year note auctions yesterday afternoon.

However, concern about the likely impact of the new debt and about the overall implications for the market of the next refunding round, cast a cloud over investor sentiment during early trading which depressed prices at the long end.

FT FIXED INTEREST INDICES

	Jan 21	Jan 20	Jan 19	Jan 18	Jan 15	Year ago	High *	Low *
Govt Secs (UK)	94.05	93.48	93.28	93.44	93.60	87.74	95.54	85.11
Fixed Interest	108.89	108.67	108.74	108.75	108.87	99.91	110.26	97.15

Basis 100: Government Securities 15/10/26; Fixed Interest 1926. * for 1992/93. Government Securities high since compilation: 127.40 (9/1/35), low 49.18 (3/1/75). Fixed Interest high since compilation: 110.26 (12/11/92), low 50.53 (3/1/75)

GILT EDGED ACTIVITY

Indices*	Jan 20	Jan 19	Jan 18	Jan 15	Jan 14
Gilt Edged Bargains	124.6	116.2	115.0	96.2	98.7
5-Day average	110.2	104.5	99.3	97.0	96.8

* SE activity indices rebased 1974

BENCHMARK GOVERNMENT BONDS

		Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
AUSTRALIA		10.000	10/02	108.8357	-1.354	8.93	8.99	8.94
BELGIUM		8.750	06/02	107.7000	-	7.57	7.59	7.94
CANADA *		8.500	04/02	102.2000	-0.750	8.15	8.12	7.92
DENMARK		9.000	11/00	103.0000	+0.030	8.45	8.95	9.08
FRANCE	BTAN	8.500	03/97	102.3704	-0.139	7.79	7.96	8.09
	OAT	8.500	11/02	104.5300	-0.010	7.61	7.92	8.15
GERMANY		8.000	07/02	105.8400	-0.020	7.13	7.14	7.25
ITALY		12.000	05/02	94.7400	-0.160	13.40†	13.62	13.52
JAPAN	No 119	4.800	06/99	102.7720	-0.053	4.25	4.31	4.52
	No 145	5.500	03/02	107.4380	-0.072	4.36	4.39	4.58
NETHERLANDS		8.250	06/02	107.5000	+0.020	7.12	7.21	7.35
SPAIN		10.300	06/02	91.9000	+0.775	11.74	12.18	12.37
UK GILTS		10.000	11/96	110-00	+9/32	6.94	7.14	7.29
		9.750	08/02	109-17	+23/32	8.29	8.40	8.36
		9.000	10/08	102-04	+23/32	8.74	8.78	8.63
US TREASURY *		6.375	08/02	98-09	-4/32	6.62	6.67	6.68
		7.625	11/22	103-10	-1/32	7.35	7.43	7.37
ECU (French Govt)		8.500	03/02	101.8750	-0.010	8.23	8.40	8.70

London closing. *New York morning session. Yields: Local market standard. † Gross annual yield (including withholding tax at 12.5 per cent payable by non-residents.) Prices: US, UK in 32nds, others in decimal. Technical Data/ATLAS Price Sources

Latin Americans return to foreign debt markets

By Sara Webb

LATIN American borrowers are starting to tap the international bond markets again after a spell out of favour late last year.

While secondary market yields on Latin American bond issues have declined from their late-1992 peaks, investment bankers warn that many borrowers from this region will be forced to issue bonds at more generous yields than seen in early 1992, reflecting the tail-off in investor demand for Latin American bonds.

Petroleos Mexicanos (Pemex), the Mexican state oil company, launched a five-year $125m Eurobond issue last week, the first big Latin American issue this year.

The deal was well received by institutional funds and retail investors. Launched at a spread of 230 basis points over the five-year US Treasury yield, it is trading at a yield spread of 228 basis points, according to Swiss Bank Corporation, the lead manager.

Pemex was able to borrow at tighter terms in the past, achieving a launch spread of 195 basis points over five-year Treasuries last year, according to Credit Suisse First Boston.

However, yields on Latin American bond issues widened last autumn as investors realised that the international bond market was likely to be hit by an avalanche of Latin American deals. Pemex paper traded at a yield spread of 300 basis points over US Treasuries in the secondary market, according to dealers.

CSFB, which was lead manager for a three-year 9¼ per cent bond due 1995 from Banco do Brazil, said the issue was launched at a spread of 395 basis points over US Treasuries, and is quoted at about 510-535 (offer-bid). The widening in spread reflects investor concern about the political situation in Brazil as well as the general awareness of the heavy borrowing needs of Brazilian names.

Now that Pemex has tested investor appetite with a successful bond issue, investment bankers expect other Latin American borrowers to return to the market.

Two other Mexican borrowers are expected to launch five-year deals – Hylsa, the steel company, and ICA, a construction group. One investment banker said that yield spreads of 550 basis points and 400 basis points respectively had been mentioned in the market, although no firm launch spreads have been announced.

"With new issues, the borrowers are going to have to accept higher launch spreads, even though there is bound to be resistance in the Mexican Finance Ministry," said one investment banker. He said several companies needed to raise finance and therefore would be forced to return to the international capital markets, whether to launch bond, international equity or convertible bond issues.

Two Argentine banks – Banco de Galicia and Banco de la Nacion – are expected to launch bond issues soon.

Another potential borrower – Bancomer, one of the two large Mexican banks – was to launch a bond, with CSFB as lead manager, but announced earlier this week that the issue had been delayed. CSFB said it could not say why.

However, some borrowers have stated that they were not prepared to return to the bond markets because of the less favourable conditions.

The Venezuelan state oil company Petroleos de Venezuela (PDVSA), would not seek fresh financing this year through bond placements on foreign markets since they were unlikely to be successful, according to a report from Reuters yesterday.

PDVSA would place about $250m in bearer bonds on foreign markets, but only to pay off previous bond issues, a senior official said.

"We are looking for some new ideas, inspecting markets, but if prices stay the way they are now it would be very difficult for us to go to the Euromarket," the official said.

Investors remain positive towards the dollar sector

By Tracy Corrigan

CORPORATE and bank issuers dominated the Eurobond market yesterday, with deals spread across a variety of currencies.

The lowering of asset quality partly reflects growing investor appetite for higher yielding paper, as interest rates edge further down.

INTERNATIONAL BONDS

Dealers said there had been a lack of higher-yielding corporate debt in the dollar sector. Investors remain very positive on the dollar market, but the low interest rates in the sector appear to be fuelling demand for slightly higher yields, as was the pattern in the US market throughout last year. So far this year, only triple-A rated companies such as Nippon Telegraph & Telephone and General Electric Capital Corporation have tapped the dollar sector.

Consequently, yesterday's $200m five-year issue for Electrolux, the A3-rated Swedish white goods manufacturer, was welcomed by dealers.

"It is the right sort of asset: lower credit quality, and higher spread," said one underwriter, "but the name could have been better."

However, the indicated pricing of the bonds to yield 106 basis points over the when-issued five-year Treasury was considered fair. The deal, arranged by Lehman Brothers International, is due to be priced today.

In the sterling market, the Leeds Permanent Building Society launched a £150m issue of subordinated bonds due February 2018, via Credit Suisse First Boston. The deal did not suffer as a result of the weakness of sterling yesterday, since it was aimed at domestic institutions. The A2-rated issue was priced to yield 140 basis points over the comparable gilt, again appealing to investors' appetite for extra yield.

In the Dutch guilder market, CSFB Finance launched a Fl 250m issue due 2000, via CSFB Nederland, which met strong demand due to lack of supply in the sector. Dealers said that the lack of swap opportunities – and of borrowers with a natural requirement for guilders – has severely restricted supply, in spite of investor interest in the market.

A FFr1bn offering for Thomson-Brandt via Credit Commercial de France met reasonable demand, dealers said. The issue was priced to yield 77 basis points over the comparable French government bond.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount m.	Coupon %	Price	Maturity	Fees	Book runner
US DOLLARS						
Electrolux(a)	200	(a)	(a)	Jan.1995	1⅞/1.675%	Lehman Brothers Int.
San Paolo, London Branch(b)‡	150	(b)	100	Feb.1998	20/15bp	Salomon Brothers Int.
Iochpe-Maxion(c)	45	11.5	99.7	Aug.1995	1⅜/1⅛	Crdt.Lyonnais Euro-Secs.
D-MARKS						
Daimler-Benz Nth.America(d)‡	300	(d)	101.65	Feb.2003	1.95/1.775%	Deutsche Bank
European Investment Bank(e)‡	100	(e)	100	Feb 2003	30bp	Trinkaus und Burkhardt
FRENCH FRANCS						
Thompson Brandt Int.	1bn	8.5	101.415	Feb.1998	1⅞/1⅜%	CCF
STERLING						
Leeds Permanent Bldg.Society	150	10.5	101.171	Feb.2018	2½/1⅞%	CSFB
GUILDERS						
CSFB Finance	250	7.5	101.1	Feb.2000	1½/1¼%	CSFB Nederland

Final terms and non-callable unless stated. *Private placement. ‡Floating rate note. a) To be priced today. b) Coupon pays 37½bp over 6-month Libor. c) Coupon payable semi-annually. d) Coupon pays 8¼% fixed annual in first 2 years and 13% - 6-month Libor thereafter. e) Issue launched on Wednesday was increased to DM300m. Coupon pays 9% fixed annual in the first year and 13% - 6-month Libor thereafter.

● Turnover on Euroclear, the international securities clearing house, reached a record $10,000bn last year, up 71 per cent, reflecting higher international securities trading volume. Average daily transaction volume in the secondary market reached $50bn in the fourth quarter, compared with $32bn for the first three quarters. The high level of activity will result in rebates of $12bn for market participants, double the 1991 rebate level.

● Chemical Banking has filed a shelf registration with the Securities and Exchange Commission for up to $3bn of debt securities and warrants, Reuter reports. The amount is part of a $3.1bn offering, of which $100m was previously registered.

MARKET STATISTICS

FT/ISMA INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market. Latest prices at 7:05 pm on January 21

U.S. DOLLAR STRAIGHTS / OTHER STRAIGHTS / DEUTSCHE MARK STRAIGHTS / FLOATING RATE NOTES / SWISS FRANC STRAIGHTS / CONVERTIBLE BONDS: [illegible]

	Issued	Bid	Offer	Chg. day	Yield
SNCF 7 04	450	108¼	109	+¼	5.99
WORLD BANK 5 03	150	97½	98	+½	5.31
WORLD BANK 7 01	600	107½	107¾		5.81
YEN STRAIGHTS					
DENMARK 7 95	40000	105¼	106¼	-⅛	3.99
EIB 4 5/8 94	40000	101	101¼		3.80
ELEC DE FRANCE 5 5/8 96	20000	104¼	104¾	-⅛	4.33
FINLAND 6 3/4 96	50000	106¼	106¾	-⅛	4.50
INTER AMER DEV 7 1/4 00	30000	113¾	113⅞	-⅛	5.05
JAPAN DEV BK 5 99	100000	101⅞	102		4.66
JAPAN DEV BK 6 1/2 01	120000	110¼	110⅞	-⅛	4.94
KANSAI ELEC PWR 4 5/8 94	60000	100⅞	101¼	-⅛	3.89
NIPPON TEL & TEL 5 7/8 96	50000	105¼	105½	-⅛	4.33
NORWAY 5 1/8 95	50000	102¼	102½	-⅛	4.09
SNCF 6 3/4 00	30000	110⅝	110⅞	-⅛	4.94
SWEDEN 5 5/8 95	20000	103½	104		4.20
WORLD BANK 6 3/4 00	50000	111¼	111⅜	-⅛	4.87

CONVERTIBLE BONDS	Issued	Cnv. price	Bid	Offer	Prem.
EASTMAN KODAK 6 3/8 01	300	50.67	106½	108	+10.98
GOLD KALGOORLIE 7 1/2 00	65	1.0554	89¾	90¾	+59.84
HANSON 9 1/2 06 £	500	2.5875	111¼	112¼	+22.39
HAWLEY 6 02 PREF	400	19.1	119¾	121¼	
HILLSDOWN 4 1/2 02 £	150	3.97	124½	125¾	
LAND SECS 6 3/4 02 £	84	6.72	88½	89½	+33.35
LASMO 7 3/4 05 £	90	5.64	80¼	81¼	
MITSUI BANK 2 5/8 03	200	2332.6	70¾	72¼	+36.47
MOUNT ISA FIR 6 1/2 97	100	2.283	97	98	+41.75
OGDEN 6 02	85	39.077	86½	88¼	+48.36
SEGA ENTERPRISES 3 1/2 96	200	10013.9	108¼	109¼	+10.07
SMITH & NEPHEW 4 02 £	90	1.775	131	132¼	+48.58
SUMITOMO BANK 3 1/8 04	300	3606.9	69	70	+40.90
TEXAS INSTRUMENTS 2 3/4 02	300	82¾	95¼	97¼	+40.58
THORN EMI 5 3/4 04 £	103	7.16	127¼	129	+8.12

* No information available – previous day's price
† Only one market maker supplied a price

STRAIGHT BONDS: The yield is the yield to redemption of the bid-price; the amount issued is in millions of currency units. Chg. day = Change on day.
FLOATING RATE NOTES: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. Spread = Margin above six-month offered rate (‡three-month §above mean rate) for US dollars. C.cpn = The current coupon.
CONVERTIBLE BONDS: Denominated in dollars unless otherwise indicated. Cnv. price = Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem = Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	70	0	10
Other Fixed Interest	14	1	0
Commercial, Industrial	358	239	826
Financial & Property	250	42	509
Oil & Gas	27	10	48
Plantations	0	1	8
Mines	37	14	90
Others	64	20	26
Totals	820	327	1,517

LONDON RECENT ISSUES

EQUITIES

Issue Price	Am'nt Paid up	Latest Renunc Date	1993 High	1993 Low	Stock	Closing Price	+ or -	Net Div	Times Cov'd	Gross Yield	P/E Ratio
§220	F.P.	-	278	243	Critchley Group	270		L6.1	2.2	3.0	19.1
-	F.P.	-	105	103	For. & Col. PEP Inv Tst	105		F3.38	-	4.3	-
90	F.P.	-	122	101	Hunters Armley	120	+2	W3.38	2.2	3.8	16.0
51	F.P.	-	68	52	Intl. Food Machinery	63	+6	-	-	-	-
£10¼	F.P.	-	£10¼	£10¼	Mauritius Fund	£10⅛		-	-	-	-
50	F.P.	-	57	52	OIS Intl.	57	+1	N1.9	2.8	4.4	10.6
-	F.P.	-	2	1½	‡Prime People Warrants	1½	-½	-	-	-	-

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc Date	1993 High	1993 Low	Stock	Closing Price £	+ or -
100p	F.P.	-	116½p	115½p	Bristol Water 8¾pc Pf.	116¼p	+¼
100p	F.P.	-	108½p	105¼p	Commercial Union 8¾pc Cm. Pf	106½p	+¼
100	F.P.	-	114¼	109¼	NFC 7¼pc Cv. Bd 2007	109¼	-2

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc Date	1993 High	1993 Low	Stock	Closing Price p	+ or -
5	Nil	11/2	1½pm	¼pm	Melville	¼pm	
25	P.P.	1/3	16	13	Property Trust	13	
2	Nil	11/2	2¼pm	¼pm	‡Regal Hotel	1pm	
50	Nil	15/2	17pm	12pm	Trio Holdings	13pm	
3	Nil	24/2	½pm	¼pm	West Trust	½pm	

a Annualised dividend. b Figures based on prospectus estimates. g Assumed dividend and yield. q Earnings based on preliminary figures. u Forecast or estimated annualised dividend rate, cover based on previous year's earnings. x Ex-dividend. F Dividend and yield based on prospectus or other official estimates for 1992-93. H Dividend and yield based on prospectus or other official estimates for 1993. L Estimated annualised dividend, cover and p/e based on latest annual earnings. N Dividend and yield based on prospectus or other official estimates for 1992. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ‡ Issued by way of rights. † Introduction. § Placing price. †† Reintroduction. ‡ Unlisted securities market. ♦ Issued in connection with reorganisation, merger or takeover. pm Price at a premium.

TRADITIONAL OPTIONS

● First Dealings Jan 11
● Last Dealings Jan 29
● Last Declarations April 15
● For settlement April 26

3-month call rate indications are shown in Saturday editions.

Calls in: Allied Leisure, Babcock, Bellway, Bodyshop, Burnfield, Caird, Firth (GM), Haemocell, OMI, Tadpole and WPP. Puts in: M.L. Labs., Puts & Calls: Albert Fisher, Haemocell, Higgs & Hill, Hillsdown and Mirror Group.

FT-SE ACTUARIES INDICES

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LIFFE EQUITY OPTIONS

[illegible]

Option		Feb	May	Aug	Feb	May	Aug
Storehouse (*214)	220	3	14	22	7½	16	24
Trafalgar (*91)	90	4	9½	13	2½	8½	12
	100	1	5½	9	10	15	18
Utd. Biscuits (*354)	330	26	32	37	1½	11	15
	360	3	15	22	10	26	31
Unilever (*1105)	1100	14	43	65	11	40	51
	1150	1½	22	42	50	70	80
Brit. Aero (*209)	200	23	35	43	14	28	35
	220	13	26	35	23	40	48
Barclays (*412)	390	37	45	52	18	27	36
	420	19	31	39	35	43	53
Blue Circle (*204)	200	22	29	36	15	26	31
	220	11	20	27	26	38	43
British Gas (*287)	280	16	19	25	8	17	19
	300	7	12	16	20	29	31
Dixons (*234)	220	25	36	39	8	14	20
	240	15	24	29	17	24	29
Eurotunnel (*396)	390	34	50	60	24	35	43
	420	20	36	47	42	52	60

PUTS								
Feb	5	7	11	20	36	62	96	137
Mar	14	20	28	41	60	83	114	151
Apr	25	33	45	57	77	100	130	163
May	31	43	56	73	94	121	150	183
Jun †	-	48	-	85	-	-	-	-

January 21 Total Contracts 34,917
Calls 19,741 Puts 15,176
FT-SE Index Calls 6,878 Puts 5,002
Euro FT-SE Calls 275 Puts 690
*Underlying security price. † Long dated expiry months. Premiums shown are based on closing offer prices.

FT-ACTUARIES FIXED INTEREST INDICES

	PRICE INDICES	Thu Jan 21	Day's change %	Wed Jan 20	Accrued interest	xd adj. 1993 to date
	British Government					
1	Up to 5 years (24)	128.01	+0.22	127.73	1.51	0.95
2	5-15 years (22)	145.42	+0.55	145.25	2.04	1.11
3	Over 15 years (8)	150.59	+0.83	149.35	1.12	1.05
4	Irredeemables (6)	171.22	+1.66	168.42	2.08	0.00
5	All stocks (60)	141.73	+0.48	141.37	1.74	1.02
	Index-Linked					
6	Up to 5 years (2)	184.09	+0.15	183.82	1.18	0.00
7	Over 5 years (11)	165.20	+0.12	165.01	0.44	0.62
8	All stocks (13)	166.53	+0.12	166.33	0.52	0.55
9	Debs & Loans (62)	124.32	+0.54	123.65	3.00	0.26

	AVERAGE GROSS REDEMPTION YIELDS		Thu Jan 21	Wed Jan 20	Year ago (approx.)
	British Government				
1	Low	5 years	6.91	7.00	8.76
2	Coupons	15 years	8.28	8.35	9.22
3	(0%-7¾%)	20 years	8.56	8.64	9.22
4	Medium	5 years	7.33	7.41	9.56
5	Coupons	15 years	8.73	8.83	9.30
6	(8%-10¾%)	20 years	8.94	9.05	9.25
7	High	5 years	7.54	7.63	9.80
8	Coupons	15 years	8.99	9.11	9.39
9	(11%-)	20 years	9.07	9.20	9.31
10	Irredeemables (Flat Yield)		8.90	9.05	9.43
	Index-Linked				
11	Inflation rate 5%	Up to 5yrs.	2.38	2.42	3.86
12	Inflation rate 5%	Over 5 yrs.	3.81	3.81	4.28
13	Inflation rate 10%	Up to 5 yrs.	1.51	1.55	3.18
14	Inflation rate 10%	Over 5 yrs.	3.61	3.62	4.09
15	Debs &	5 years	8.83	8.92	11.05
16	Loans	15 years	9.84	9.92	10.82
17		25 years	10.02	10.07	10.64

PizzaExpress ready for the market

By Paul Taylor

PIZZAEXPRESS, the pizza restaurant chain founded by Mr Peter Boizot, is coming to market as expected through a reverse takeover by the Star Computer Group.

Star Computer, the shares of which were suspended at 47p just before Christmas, is acquiring PizzaExpress and G&F Group, its largest franchisee, in a cash, new shares and loan note deal worth a total of £14.63m.

The deal, which includes £11.2m for PizzaExpress itself, has already received an enthusiastic response from institutional shareholders according to Greig Middleton, the brokers to the deal.

The brokers claimed yesterday that a placing of 24.45m new shares at 40p a share to raise £9.8m to help fund the acquisition has been oversubscribed ten times.

Under the terms of the complex deal, structured to meet the differing requirements of the vendors, £4.54m of the acquisition price will be satisfied by issuing new shares to the vendors at 40p a share.

The cash and loan note element will be financed out of the proceeds of the 24.45m share placing of which 19m shares will take the form of a vendor placing.

A further £4.1m is being raised by a 3-for-2 rights issue for Star Computer shareholders underwritten by Hill Samuel. The proceeds will be used to pay the expenses and repay borrowings of the enlarged group, which will be renamed PizzaExpress.

Mr Boizot and his partners set up the first PizzaExpress restaurant in London in 1965. It has grown into one of the most popular pizza restaurant chains and catering groups with 13 owned restaurants and 52 franchised outlets. In the year to June 28 it made an operating profit from continuing activities of £1.5m on turnover of £16.3m.

The G&F Group, which is being acquired for £3.04m, operates nine PizzaExpress restaurants and is run by Mr David Page.

Turnover for the year to December 31 1991 was £4.72m and generated operating profits of £760,000. In the nine months to September 27th it recorded £510,000 operating profit on turnover of £3.47m.

On an historic pro forma basis, the new enlarged PizzaExpress group, which will also include Star Computer's operations, generated operating profits of £2.4m on sales of £28.4m.

Star Computer, which supplies software and services to specialist markets, also reported its interim results yesterday.

The group posted pre-tax profits of £55,000 (£240,000 loss) in the six months to December 31 on turnover of £3.79m (£3.47m).

Trevor Humphries

Peter Boizot: set up the first PizzaExpress restaurant in 1965

Christmas boost for London Scottish

By John Gapper, Banking Correspondent

A RISE in the number of families ensuring they would have a Christmas turkey with trimmings despite the recession, helped push up pre-tax profits of London Scottish Bank, the consumer loans and debt collection group, by 23.5 per cent.

The bank made a surplus of £3.85m in the year ended October 27 1992, compared with £3.11m, despite a £200,000 increase in its bad debt charge to £2.3m.

Income from Christmas hampers grew 33 per cent to £1.16m, and commission from debt collection rose 26 per cent to £5.51m.

Mr Jack Livingstone, chairman, said the increase in hamper sales reflected a marketing drive, and the fact that customers wanted to make sure of their Christmas lunch.

"People feel the need for security in a recession," he said.

Consumers buy hampers by making weekly contributions to a collector from the start of the year. The business was originally concentrated around Manchester and Leeds, but has been spread to other areas.

Mr Livingstone said the growth in revenue from hampers and debt collection had helped to balance a static level of income from consumer loans, which slipped from £19.07m to £18.96m.

He said the bank had raised profits despite the poor consumer loans market because it could switch its 800 employees to businesses such as debt collection, which thrived in recession.

Profit before financing the £37.5m net loan portfolio rose 8.5 per cent to £6.5m (£5.9m).

Finance costs fell to £2.62m (£2.84m), helped by the fall in base rates, and higher hedging of borrowings.

Earnings per share worked through at 5p (4.7p). The final dividend is 2.05p for a total of 3p (2.75p).

Sharp decline to £0.4m at London & Clydeside

By Jane Fuller

SHARP reductions in profits from house building and commercial property development has left London & Clydeside, the USM-quoted Scottish concern, with only £404,000 profit before tax and the final dividend is halved.

The profit, for the 12 months to September 30 1992, plummeted from £1.82m previously. The final dividend is cut to 2.7p (5.2p), reducing the total from 7p to 4.5p. That was uncovered by earnings per share of 2.9p (14.9p).

Mr Norman Chalmers, chairman, said: "We can't see any secure upturn in the housing market." He expected the outcome for the first half of the current year to be similar to last year, when there was a pre-tax loss of £120,000.

There was some question of whether the interim dividend would be maintained at 1.8p. However, "we hope at least to hold the total".

Operating profit fell to £1.98m (£3.36m) on turnover of £22m (£21.4m). Housebuilding made about £18m sales, but profits were £600,000 down.

Mr John McIntyre, managing director, said two up-market sites increased the average price to £79,000 (£75,000). But volume was about 10 per cent down. Newer ranges included terraced houses at less than £40,000 each, which it was hoped would push up unit sales.

Development profit fell from £900,000 to £200,000. The sale of one building to a government department had been delayed, although it was hoped it would come through this year.

Rental income from the £4.5m property portfolio remained flat at about £450,000.

Gearing edged up to 100 per cent on net debt of £11m.

GWR AGM evicts Pena representative

By Peggy Hollinger

THE GENERALLY soft-spoken Mr Howard Wolf finally lost his temper yesterday. In tones aimed at deafening any objection, the chairman of USM-quoted Great Western Resources ordered the elegant young woman from his sight.

"You are out of here!" he thundered. "I am telling you, you are not going to run these proceedings."

Mr Wolf, a mild mannered Texan lawyer, might be forgiven for losing control at Great Western's annual meeting. The lady in question represented interests of Mr Dan Pena, who has unceasingly plagued Mr Wolf since he took over chairmanship of GWR in 1991.

Mr Pena, the previous chairman, wh still retains 10m shares, is suing the company for alleged wrongful dismissal. He said yesterday that he would lodge a complaint with the Stock Exchange over the eviction of his representative.

No doubt she had hoped to raise questions concerning a statement by GWR this week on directors' share transactions.

In it, GWR apologised for omitting to notify investors that a verbal agreement by Mr Gary Loveless, chief executive, to buy 1m shares had been aborted.

"It could be argued that it wasn't a wise thing for a director to do," said one shareholder, "but the statement was fairly detailed."

Mr Wolf also told the brief meeting that 1993 was a year of transition. GWR, which last year resolved its drawn-out dispute with a US public utility and renegotiated bank facilities, could look forward to significant benefits from the resurrected coal and oil and gas businesses.

Unclear outlook after Bass's seasonal cheer

By Philip Rawstorne

BASS, the UK's leading brewer, recorded a general improvement in its beer and pubs businesses during the Christmas trading period, Mr Ian Prosser, chairman, said yesterday.

"It is not yet clear whether this improvement will persist through January and beyond", he told shareholders at the annual meeting.

Because of the volatility of trading in the October-December quarter, it was also too early to draw conclusions about the outlook for the year as a whole.

Over Christmas, Bass recovered most of the beer volume decline of the first two months. Free trade sales volume was running nearly 5 per cent above the same period last year and total volumes were only 0.5 per cent lower.

Mr Prosser, who led a Brewers Society delegation to the Treasury earlier this week to demand a cut in beer duty, again expressed concern about the possible impact of increased cross-Channel imports if the government did not make some move towards duty harmonisation.

Beer imported by holidaymakers and cross-Channel shoppers last year accounted for about 8 per cent of the UK take-home trade, he said.

A new system of duty collection to be introduced in June would cost the company £10m in a full year, he added.

Bass sold another 37 pubs to meet the November 1 deadline on its disposal of 2,740 outlets to comply with the government's beer orders. Total disposal proceeds since July 1989, amounted to nearly £445m, Mr Prosser said.

Liquor sales in the company's managed pubs were 2 per cent ahead of last year on a pub-by-pub basis. Food sales had increased, but beer volumes were 1 per cent down.

Holiday Inn occupancies were improving in the US, but room rates had shown little growth.

The leisure businesses continued to perform solidly.

Life business rise at Sun Alliance

By John Authers

SUN ALLIANCE, the insurance group, announced increased new UK life business for 1992 yesterday. Total annual premiums fell slightly, from £75.5m to £74.9m, while single premiums increased by 71 per cent to £556m.

Annual premiums were harmed by a fall in mortgage-related endowment sales, from £19.78m to £16.47m, while single premiums were boosted by sales of pension annuities, which more than doubled from £109.3m to £288.3m.

Business outside the UK was helped by the depreciation in sterling, and rose from £75m to £113m. This included a rise in annual premiums from £39m to £54m.

● London and Manchester Group, the life assurance group, announced a 2 per cent increase in new life business for 1992.

Annual premiums fell, in line with the industry trend, by 18 per cent to £41.3m, while single premiums increased by 92 per cent to £220.3m.

The company attributed the poor annual premiums figure to a significant reduction in the life broker division network, and said rising unemployment was "likely to limit the prospects for immediate recovery in 1993".

Growth in single premiums came mainly from personal pensions and transfers from company schemes.

Lower bad debts lift TSB Scotland

By James Buxton, Scottish Correspondent

TSB BANK Scotland, an offshoot of the TSB group, increased its annual pre-tax profits by a little more than 3 per cent in the year to October 31 1992, in what Mr Alastair Dempster, chief executive, called "a very difficult economic climate".

After provisions for bad and doubtful debts down from £14.7m to £8.7m, pre-tax profits were £79.4m (£76.9m). Operating profit before the provisions fell slightly from £91.6m to £88.2m.

The Edinburgh-based company said revenue suffered from the introduction of lower margin savings products, necessary to remain competitive. The cost-income ratio rose from 52.6 per cent to 54.5 per cent because of the decline in income, although costs were held down.

Mr Dempster said that the bad debt provision was more in line with the normal level. The 1991 charge had been exceptionally high because of two large items.

TSB Bank Scotland focuses on lending to individuals and is one of the top mortgage lenders in Scotland. It also does commercial lending, while new corporate lending is handled by TSB's Hill Samuel subsidiary. Total assets rose over the year from £2.85bn to £3.5bn.

Mr Dempster was cautiously optimistic about prospects for the coming year.

Prices for electricity determined for the purposes of the electricity pooling and settlement arrangements in England and Wales.

1/2 hour period ending	Provisional Price for Trading on 22.01.93: Pool purchase price £/MWh	Final Prices for Trading on 25.12.92: Pool purchase price £/MWh	Pool selling price £/MWh
0030	18.51	19.94	19.94
0100	21.26	26.11	26.08
0130	27.96	26.11	26.04
0200	27.96	26.11	26.00
0230	21.26	25.90	27.75
0300	21.26	24.22	26.02
0330	18.51	24.22	26.03
0400	18.29	23.06	24.85
0430	17.83	22.07	23.84
0500	17.63	18.70	18.70
0530	17.70	17.58	17.58
0600	17.67	17.50	17.50
0630	18.29	17.50	17.50
0700	21.82	17.50	17.50
0730	21.62	17.50	17.50
0800	22.47	17.53	17.53
0830	25.67	17.58	17.58
0900	26.12	18.71	18.71
0930	26.12	22.93	24.78
1000	26.12	23.13	24.96
1030	25.57	23.13	24.96
1100	23.52	23.13	24.96
1130	23.51	23.13	24.96
1200	26.12	23.13	24.96
1230	26.12	26.00	27.96
1300	25.57	26.00	27.95
1330	22.66	26.00	27.98
1400	19.40	23.13	26.00
1430	19.25	26.11	26.16
1500	18.50	26.11	26.11
1530	18.72	26.11	26.11
1600	18.72	26.11	26.11
1630	22.29	26.11	26.11
1700	26.16	25.77	27.76
1730	27.21	18.75	20.39
1800	27.18	25.77	27.74
1830	27.06	25.77	27.75
1900	24.82	25.77	27.72
1930	23.96	18.75	20.38
2000	23.09	18.75	20.38
2030	21.62	18.75	20.38
2100	21.62	17.72	17.72
2130	21.36	17.70	17.70
2200	21.35	17.70	17.70
2230	18.57	17.69	17.69
2300	17.87	17.69	17.69
2330	17.60	17.69	17.69
2400	17.64	17.69	17.69

Prices are determined for every half-hour in each twenty-four hour period. Prices are in pounds per megawatt-hour, rounded to two decimal places. To convert prices to pence per kilowatt-hour the decimal point should be moved one place to the left, eg £18.88/MWh becomes 1.888p/KWh. Provision for the determination of pool prices is made in the Pooling and Settlement Agreements which govern the operation of the electricity pool in England and Wales. The Pool Purchase Price is the basis of the majority of payments made to generators in respect of electricity traded through the pool. The calculation of pool prices is a highly complex process the product of which is subject to revision or correction until final pool prices are determined approximately twenty-four days after the day of trading. Accordingly, due to the possibility of their revision and/or correction, no reliance should be placed upon provisional pool prices for any day being the same as final pool prices for that day. Final pool prices are also capable of revision. Pool Selling Price is the price paid by purchasers of electricity under the pool trading arrangements. It is dependent upon the determination of Pool Purchase Price. Further information on pool prices is provided on behalf of the Pool by NGC Settlements Limited. Anyone wishing to receive such information should telephone 0602-456789 between 8:30am and 5:15pm Monday to Friday.

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LEGAL NOTICE

No 0012753 OF 1992
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF TRANSATLANTIC LIFE ASSURANCE COMPANY LIMITED
AND
IN THE MATTER OF OAKLIFE ASSURANCE COMPANY LIMITED
AND
IN THE MATTER OF THE INSURANCE COMPANIES ACT 1982

NOTICE IS HEREBY GIVEN that a Petition was on the 29th day of December 1992 presented to Her Majesty's High Court of Justice by the above-named Transatlantic Life Assurance Company Limited (hereinafter called "TAL") for:- (1) the sanction under Section 49 of the Insurance Companies Act 1982 to a Scheme ("the Scheme") providing for the transfer to TAL of the whole of the long term insurance business carried on by Oaklife Assurance Company Limited (hereinafter called "Oaklife"); and (2) an Order making ancillary provisions in connection with the said transfer under Section 50 of the said Act. Copies of the Petition, the Scheme and of a report on the Scheme by an independent actuary (in pursuance of Section 49 of the said Act) may be inspected at the registered office of Oaklife situate at 32 Church Street, Rickmansworth, Hertfordshire WC3 1DJ and the office of TAL's solicitors situate at 6 Dyers Buildings, Holborn, London EC1N 2JT during usual business hours on any day (other than a Saturday or Sunday) for a period of 21 days from the publication of this Notice. The Petition is directed to be heard before Mr Registrar Buckley at the Royal Courts of Justice, Strand, London WC2A 2LL on Wednesday the 17th day of February 1993 and any person, including any employee of TAL or Oaklife, who claims to be adversely affected by the Scheme may appear at the time of the hearing in person or by Counsel. ANY person who intends so to appear and any policyholder of TAL or Oaklife who dissents from the Scheme but does not intend so to appear, should give not less than two clear days prior notice in writing of such intention or dissent, and of the reasons therefor, to the under-mentioned Solicitors. Copies of the documents specified above will be furnished to any person requiring the same by the under-mentioned solicitors prior to the making of an order sanctioning the Scheme on payment of the prescribed charge for the same.

Dated this 14th day of January 1993
Compton Carr of 6 Dyers Buildings, Holborn, London EC1N 2JT
Ref: PES/JAR (Solicitors for TAL)

LYONNAISE DES EAUX DUMEZ

LYONNAISE DES EAUX-DUMEZ: - SIGNIFICANT PROPERTY PROVISIONS, - DIVIDEND MAINTAINED

At its meeting of 20th January, 1993, the Board of Directors reviewed forecasts for the 1992 results. It noted the growing synergy between the Group's activities which confirms the strategy already implemented.

The economic climate has had sharply contrasting effects on the various divisions. Services performed well in 1992, while property development is facing a crisis situation and the construction sector is experiencing some difficulties.

Environmental services remain buoyant:

- water supply experienced further growth worldwide. As a result of efforts committed over several years and with the significant support of the construction sector in many instances, the Group enjoyed considerable commercial success in Buenos Aires, Sydney, Johore, Rostock and others.
- other companies operating in environmental services continued to expand and to prepare for the future. Highlights of the year included the SITA/RHÔNE-POULENC joint-venture, UFINER's acquisition of PRIAM and a series of successes for DEGREMONT.

Property development continues to be affected by an unprecedented recession in terms of size and duration. Housing schemes and more importantly offices are turning in poor and slow performances, with substantial reductions in prices. Meanwhile, heavy financial expenses, accentuated by high interest rates, have put a strain on operating profits. An end to the crisis, which continued to worsen in the latter months of 1992, is unlikely in the near future.

The construction sector was hit by both a sharp decline in activity and a fall in orders in the second half of the year. In addition, DUMEZ experienced heightened difficulties in its Spanish subsidiary as well as in its ARABIAN and DUL HASTI (Cashmere) sites.

A dynamic recovery and restructuring programme was undertaken and a similar stringent policy was adopted in compiling the 1992 financial accounts.

The LYONNAISE DES EAUX-DUMEZ group will therefore carry costs linked to this situation in 1992, and will make substantial new provisions. The net negative impact of the property development and construction sectors should be approximately FF 1 billion and FF 500 million respectively.

In light of the positive results recorded by other activities and the capital gains during the year, the Group share of net consolidated income, should be in the range of FF 350 million to FF 400 million according to latest forecasts.

Non-recurring expenses were particularly high in 1992. They do not affect the Group's strong balance-sheet structure nor its ability to generate regular cash-flows. The Board of Directors therefore decided to maintain the same dividend as last year.

LEVERAGED CAPITAL HOLDINGS N.V.
Willemstad, Curacao N.A.

In the Extra-Ordinary Meeting of Shareholders of January 21, 1993 it was decided to change the nominal value of one share Leveraged Capital Holdings N.V. from USD 1 to USD 0.10. Shares will be stamped at the offices of the Paying Agent, Pierson Heldring & Pierson N.V., Rokin 55, 1012 KK Amsterdam, The Netherlands, tel. (31-20-521 1154), or on request at the offices where the shares are in deposit.

Willemstad, January 21, 1993

ELANDSRAND GOLD MINING COMPANY LIMITED
Registration No. 74/01477/06
SOUTHVAAL HOLDINGS LIMITED
Registration No. 66/11806/06
VAAL REEFS EXPLORATION AND MINING COMPANY LIMITED
Registration No. 05/17354/06
WESTERN DEEP LEVELS LIMITED
Registration No. 57/02349/06
(All of which are incorporated in the Republic of South Africa)

– CLOSING OF REGISTERS –

NOTICE IS HEREBY GIVEN that for the purpose of declaration of final dividends for the year ended 31 December 1992 payable to members registered in the books of the abovementioned companies at the close of business on 12 February 1993 the transfer registers will be closed from Saturday, 13 February 1993 to Saturday, 27 February 1993, both days inclusive.

By order of the boards
ANGLO AMERICAN CORPORATION OF SOUTH AFRICA LIMITED
Secretaries
per: C. R. BULL
Senior Divisional Secretary

UK Transfer Secretaries
Barclays Registrars
Bourne House
34 Beckenham Road
Beckenham
Kent BR3 4TU

London office
19 Charterhouse Street
London EC1N 6QP

Johannesburg
21 January 1992

AAC

Law Lords rule on Channel tunnel dispute

By Andrew Taylor, Construction Correspondent

THE Law Lords *yesterday* refused to grant Eurotunnel an injunction preventing Channel *tunnel* contractors from walking off the £8bn project unless they are paid more money.

Transmanche Link, a consortium of five British and five French construction companies, before Christmas hinted that the opening of the project might be further delayed if agreement over payments could not be reached.

The opening, originally planned for this May, has been put back until December because there will be insufficient locomotives and rolling stock to run a full service until Autumn 1994.

Contractors, in a carefully *worded statement in December*, reminded Eurotunnel that it would require "a strong co-operative effort" if the project was to be completed speedily.

It was not clear yesterday what bearing the Law Lords' ruling would have on the contractors' actions given that they could still be sued for substantial damages if it was proved that they had breached their contract.

The construction companies want Eurotunnel to improve its offer to pay an additional £1.2bn, of which £200m would be paid in some form of equity such as convertible loan stock.

Eurotunnel asked the courts to grant an injunction in November 1991, after Trans*manche threatened to halt* work on installing a cooling system in the tunnel unless its was paid enough to cover the cost of the work.

Lord Mustill ruled yesterday that the contract between Eurotunnel and Transmanche already provided a disputes procedure which had yet to be completed. This did not prohibit the granting of an injunction but the Law Lords felt this would unfairly disadvantage the contractors as any arbitration on their claim was unlikely to be resolved until long after the work had been completed.

Colefax & Fowler falls into the red

By Matthew Curtin

COLEFAX & Fowler Group, *the upmarket wallpaper, fab*ric and furnishing group, fell into the red in the six months to October 31, turning from pre-tax profits of £505,000 to losses of £192,000.

The shares fell 5p to 33p, a far cry from their 180p high in 1989-90 when pre-tax profits *peaked at £4m.*

Mr David Green, chairman, said the period was "a little *gloomy but the worst is* behind us".

Although there were few *signs of a turnround in* trading conditions, the interim losses were said to *be no more than a hiccup*, and the balance sheet was strong.

Turnover declined from £14.8m to £13.9m. Losses per share were 0.76p, against earnings of 2p, and the interim dividend is reduced from 1.3p to 0.5p.

Sales in the US, responsible for 50 per cent of turnover, had been weak, although business in December was stronger, and the group's decorating operations had suffered in particular.

"The UK market is still *tough and Europe is not* encouraging," Mr Green said.

Jane Churchill, the mid-price wallpaper and fabric brand, was showing improved sales, and the devaluation in sterling would help sales on the Continent and in the US.

However, only renewed confidence in the housing market would restore the growth, as sales were largely dependent on people redecorating their homes as they moved house.

Roger Shute buys 4.4% of GM Firth

By Jane Fuller

MR ROGER Shute, whose illness-related departure from BM Group sparked the collapse of its share price last summer, has bought a 4.4 per cent stake in GM Firth, the steel company.

The news prompted a sharp rise in Firth's share price from 10p to 14½p yesterday.

Mr Shute, who has spent several months recuperating from smoking and stress-related lung disease, said: "It's an interesting little company". He thought Mr Michael Wilkinson, the chairman and chief executive, was a man to follow, although the two had never met.

Mr Wilkinson said that Mr Shute would without any doubt be a candidate for a non-executive directorship. The interim results and news about the heavily-indebted company's future should be announced in the next two weeks.

In November 1991 Mr Wilkinson bought a 31 per cent stake in Firth from the then chairman Mr Ian Wasserman, a former aide to Mr Jim Slater. Mr Wilkinson's brother Howard also joined the *board. Neither brother has taken a salary from Firth and* a personal loan of £350,000 has been made to the company.

After last autumn's sale of a 23 per cent stake in Arthur Lee for *about £5.4m, borrowings were cut to less than £9m and a banking* agreement extended.

Firth lost £4.86m in 1991-92 and recently emerged from a five-month strike over manning and working practices.

Mr Shute's only contact with the company so far has been to notify it of his stake. He has spent about £130,000 on 1.45m shares. He said that although he was not contemplating returning to 18-hour days, he would like to take on two or three non-executive directorships.

He remains president of BM, the industrial holding company which turned over £519m last year.

Investment income decline hits PWS

The effect of lower interest rates on its investment income was cited by PWS Holdings, the Lloyd's insurance and rein*surance broker, as a material* factor behind its reduced results.

The pre-tax figure for the year to September 30 fell 23 per cent from £2.86m to £2.21m on turnover of £14.7m (£14.8m).

Trading expenses for the year fell to £14.6m (£15.9m). The reductions accrued from cost control and also from the closure ofFryer Cheasley Light.

The final dividend is maintained at 2.5p for an unchanged total of 4p on earnings per share of 6.7p (9.2p). A scrip alternative is planned.

Christmas sales growth for Burton

Burton Group, the fashion retailer, said yesterday it had a broadly encouraging Christmas, with sales growth of 14 *per cent, although margins* were lower.

Sir John Hoskyns, chairman, *told the annual meeting that* trading for the three months to the end of November 1992 was erratic, but sales were up 14 per cent on the previous year, reflecting the group's increased competitiveness.

Gross margins, however, fell by 2½ percentage points after Burton cut its mark-up. Sales increases before Christmas were below plan but in promotional periods like the January sales turnover was above plan.

GPA to send debt proposals to banks

By Robert Peston, Banking Editor

FORMAL proposals to reschedule $1bn (£600,000) of *GPA's $5bn debt are expected* to be sent today to the aircraft leasing company's 100 bank creditors.

The proposals, drafted by the company with the help of its lead bank, *Citicorp* of the US, contain details of plans to raise $200m of new equity for GPA.

The document will also say that agreement has been reached with aircraft manufacturers, Boeing, McDonnell Douglas and Airbus Industrie, *to defer or cancel orders worth* more than $5bn placed by GPA.

When it began negotiating with banks in the late autumn, GPA had hoped to agree the rescheduling by the middle of January. The group's leading bankers said yesterday that they were now hoping for agreement by the end of February.

"The process is very much on the rails," said a banker. There had been no serious hitches, but agreement *had to be* reached with so many different institutions that the process had taken longer than expected.

He added that GPA hoped to raise the new equity from existing shareholders and other investors within 90 days of the banks reaching agreement on the debt *rescheduling*.

Nomura, the Japanese securities house, would be asked to *play a leading role in raising* the equity, the banker said, despite the failure of last year's attempts *led by Nomura* to raise equity for GPA.

Bankers would have been unwilling to reschedule GPA's debt, without a reduction in its commitments to aircraft manufacturers.

The company faced a cash flow crisis because of its commitments to buy aeroplanes at a time when it is difficult to persuade airlines to lease them, due to the worldwide recession.

Bankers said GPA faced the greatest difficulties persuading McDonnell Douglas to *agree to change its contracts.*

Inspectors strongly criticise David Abell and fellow directors

DTI report clears Suter chairman

By Angus Foster

SHARES in Suter, overshadowed for five years by *the DTI* investigation, yesterday rose 6p to 125p as the report finally seemed to clear Mr David Abell, chairman, of breaching section 204 of the Companies Act in relation to concert parties.

However, the implications of the report for Suter are by no means clear cut. Mr Abell and *his non-executive directors* are strongly criticised, and questions are raised about whether *Mr Abell is too powerful within* the company.

The inspectors, Mr David *Evans* and *Mr Brian Worth*, reserve their strongest criticisms for the 1986 and 1987 purchase by *Mr Abell and Suter of* shares in Metal Closures. The inspectors question Mr Abell's evidence that a memorandum dated January 7 1987 detailing purchases of shares in Metal Closures should have been dated January 8, the same day Suter started buying shares. "We look upon this memorandum with a great deal of scepti*cism* and cannot accept it was sent on 8 January 1987," the report said.

The *inspectors said* they found Mr Abell's explanations for why he bought shares in Metal Closures for himself and for Suter "confusing". They also said they found Mr Abell's statements in the memorandum and in later evidence were "inconsistent".

Suter's non-executive directors at the time are strongly criticised, especially Mr John Rimington, who remains on the Suter board. The inspectors accused Mr Rimington of ignoring advice from Robert Fleming, Suter's financial *adviser*, which advised that Mr Abell should sell his private shares in Metal Closures for no profit.

"There was no meeting of the non-executive directors and *the matter* was not discussed at a board meeting. The minority view of Rimington pre*vailed* because that was the course desired by Abell," the report said.

The inspectors *said they had* been told Mr Abell's investment activities were not controlled by the board. Mr Abell was therefore able to buy, on *behalf of Suter*, up to 15 per cent of another company without main board authority. "We *believe that the non-executive* directors failed in their duties to their shareholders by allowing their assets to be *managed* in this manner, the report said.

In the case of James Neill Holdings, in which Mr Abell and Suter bought shares in 1984, Suter failed to disclose a 5 per cent stake – as the Companies Act then required – for at least a month after the trigger had been passed.

With Francis Industries, which Suter acquired in 1984, the inspectors found no evidence of parties acting in concert. But two share *purchases*, from Geneva-registered companies Brolliet and Sterling Trust, are unclear because these companies refused to divulge the ultimate beneficia*ries of the shares.*

Other individuals singled out for criticism include Mr Michael Somerset-Leake, senior partner of Mr Abell's stockbroker CGS, and controlling shareholder of Winchmore, in which Mr Abell also held a stake. In *the case of Metal Closures*, Mr Somerset-Leake is criticised for "buying what was tantamount *to a personal stake*" when he knew Suter was starting to build a holding.

"As seen in other companies, Somerset-Leake and his clients were avid members of Abell's 'fan club'," the report claims.

The inspectors recommended laws on concert parties should be tightened up to cover relationships such as that between Mr Abell and Mr Somerset-Leake, where no legally binding obligation exists but their actions are similar to a concert party situation.

Airtours and Owners trade statistics on holiday sales

AIRTOURS and rival *holiday tour* operator, Owners Abroad, yesterday traded statistics about the state of their sales for the summer 1993 holiday season, writes Richard Gourlay.

Mr David Crossland, Airtours chairman, told shareholders at the annual meeting that bookings for summer 1993 and winter 1992-93 were up by 7 per cent and 17 per cent respectively, year on year.

These figures demonstrate a greater increase in bookings than Airtours claimed in its offer *document sent to Owners* a week ago.

Mr Howard Klein, Owners chairman, countered by saying industry surveys showed his company was continuing to get its pricing right for summer 1993.

According to Stats MR, a respected industry monitor, *summer* holiday bookings to the end of December 1992 had fallen by 6 per cent.

While Owners bookings had increased by 19 per cent, Air*tours*' bookings, however, had declined by 3 per cent.

Bookings with Thomson, the market leader, fell by 14 per cent.

Figures for the end of November showed that overall bookings fell by 9 per cent. Owners rose 20 per cent, Airtours' dropped by 6 per cent, and Thomson fell 21 per cent.

Shoprite makes placing to raise £9.8m

By Neil Buckley

SHARES in *Shoprite*, the Isle of Man-based discount food retailer which is expanding rapidly in Scotland, leapt by 65p to 733p yesterday after it announced plans to raise £9.8m through a placing and open offer to shareholders.

The company is issuing 1.56m shares at 645p each, with the proceeds to be used to reduce debt and fund further expansion.

The 1-for-9 open offer and placing has been underwritten in full by Credit Lyonnais Laing.

Shoprite, which also has vehicle retail and property interests on the Isle of Man, acquired a distribution centre in Glasgow in July 1990. It has since opened 35 deep-discount food stores in Scotland – 22 of them in the last financial year.

The group has opened two more stores in Scotland so far this financial year, with plans for 22 more.

Shoprite's chairman and managing director is Mr Deryck Nicholson, son of *Mr* Ken Nicholson, co-founder with Mr Albert Gubay of the Kwik Save discount chain.

The Nicholson family, which is interested in 60.7 per cent of Shoprite's existing share capital, has undertaken not to take up its entitlement under the open offer, amounting to 949,646 new ordinary shares.

Analysts said a number of institutional investors were yesterday chasing the stock in *the market.*

Slimming down to fit a new niche

Paul Abrahams on ICI's exit from polypropylene into BASF acrylics

IMPERIAL Chemical Industries just keeps on shrinking. In 1989 Britain's biggest manufacturer had sales of £13.1bn. By 1991 they were £12.4bn. Last year analysts estimated that they were £11.6bn.

Yesterday, ICI continued its slimming programme when it *exchanged its polypropylene* business, with turnover of £135m, for BASF of Germany's *£60m acrylics operations.*

For ICI, the long-awaited exit from polypropylene makes *sense. The move is part of a* wider strategy of focusing on businesses in which the group *can compete in Europe, Asia* and the US.

The polypropylene business, apart from a small Australian plant which ICI is retaining, was purely European. And with only 5 per cent of the European polypropylene market, it was a small fish in a big pond, *explains* Mr Chris Hampson, board director and chairman of ICI's chemicals and polymers division.

An added incentive for ICI is the dire state of the European polypropylene market. "This deal gets us out of a business in which we have no future and which is in a serious loss position," says Mr Hampson.

Prices for premium injection moulding grades have dropped from DM1,235 (£508) per tonne in September to DM850 last month.

Mr Paul Ray, at London-based Trichem Consultants, says that for bottom grades, such as raffia, prices have reached levels which manufacturers find no longer cover fixed costs, only raw material and variable costs.

The industry is struggling with a massive imbalance between supply and demand. Companies saw historic *demand for polypropylene* growing at 6 per cent a year and started building additional *capacity during the late* 1980s.

"The market peaked in 1988 when companies could make a decent return," says Mr Ray. "Since then it has been bloody *awful.*"

The situation is set to deteriorate. Exxon of the US, and the third *largest* polypropylene group in Europe, is in the process of bringing on a further 140,000 tonnes in France. Solvay of Belgium is adding 80,000 tonnes, and Montedisson's subsidiary Himont is expected to add 180,000 tonnes in Italy this year.

Trichem Consultants expects capacity to increase from 5.31m tonnes last year to 5.5m this year. European domestic demand last year was only 4.2m tonnes. BASF concedes that growth in European demand is likely to slow as the German economy decelerates.

Europe cannot export its way out of trouble. Indeed, European exports are falling as new capacity comes on stream in Asia.

Exxon reckons that European exports fell by 30 per cent last year, and will fall from 220,000 tonnes a year in 1990 to zero by 1994.

Mr Bryan Rigby, managing director of BASF north Europe, justifies buying at such a bleak moment by arguing that strategy cannot give way to short-term *considerations.* The deal will give the group critical mass, making it the second *largest polypropylene manufac*turer in Europe, with annual capacity of 600,000 tonnes.

"*Polypropylene is not an* industry for the faint-hearted," admits Mr Rigby. "But it is an interesting material, with a wide range of applications. Its medium-term prospects are *bright.* The sector has a better than average future and we will have a better than average position within it. If we can't make a success of that then we don't deserve to be paid."

BASF's acquisition is part of a wider restructuring of the market. Last year Shell and Himont, Europe's leading manufacturer, announced a strategic alliance in polypropylene. Austria's PCD and Germany's Hüls are in joint-venture negotiations for all their polymer operations.

Consultants believe such mergers will only be effective if capacity is shut down. However, Mr Rigby says the German group will keep all of its new capacity.

Meanwhile, ICI is building up its acrylics interests, having picked up Du Pont's US acrylics operations in a fibres swap last year.

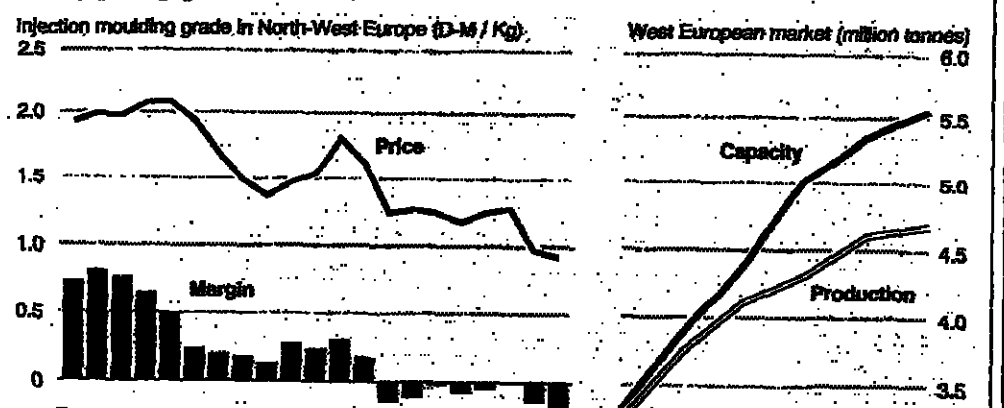
Mr Hampson explains that ICI's acrylics' operations were previously weak on the continent. Although the company was strong in acrylic monomer (the raw material for textiles and plastics) it was weak in downstream derivatives. The acquisition of BASF's two busi*nesses adds such activities.*

The acrylics market is growing at between 3 per cent and 5 *per cent a year – more slowly* than polypropylene. However, the market is considerably more fragmented, *especially* in derivatives.

BASF justifies its exit by explaining that the industry was clearly consolidating. For example, France's Elf Atochem recently formed a joint-venture with Rohm and Haas of the US. Mr Rigby believes BASF's operations were too small to compete in the long term.

Mr Hampson at ICI reckons both companies believe they have concluded a good exchange. That, he *says*, is how the best deals are done. Only time will tell if ICI's diet makes it fitter for the *future.*

Polypropylene



Source: Trichem Consultants

Decline to £3.25m at Hill & Smith

By Peter Pearse

"THERE is no reason for me to apologise for these results," said Mr John Silk, chairman of Hill & Smith Holdings, as he announced a fall in pre-tax profits from £4.64m to £3.25m in the year to September 30.

Mr Michael Sara, managing director of the West Midlands-based steel fabricator and stockholder, explained that steel *stockholding and drop forging* were tough markets for all participants, but that the group *had been buoyed* by the motorway barrier and bridge parapet, building products, and drainage products divisions.

The stockholding division "made a small loss before interest charges of some substance", said Mr Sara, adding that industry volumes had fallen by between 10 and 15 per cent in most areas.

The three drop forging operations had been *reorganised into one company* and the division had made "a small loss for the first time". *After the year-end, he said,* it had been hit by the pit closure programme – a lot of mining equipment is drop-forged.

The other three divisions were profitable, though barriers and parapets, "the backbone" had seen new entrants to its markets.

Mr Sara *said that here the* group was keen to preserve market share, though in *stockholding margins* were more of a priority.

Turnover declined to £63.1m (£75.8m), due mainly to the disposal of Invicta Fencing and Tipton Steel Stockholders (Stoke) – "items of bad news", according to Mr Sara.

They had a combined turnover of £11m. Their sale and "good stock control" reduced gearing from *14* to 10.6 per cent.

The group had £1.2m cash at the year-end and acquisitions were possible. It bought Duct & Access Covers in *March for a* maximum £3.2m.

Earnings worked through *at 7.85p (11.17p)* per share and the final dividend is held at 3.9p for a maintained total *of 6p.*

هكذا من الأصل

Long trek back from bottom of abyss

Signs are growing that the US property market may be about to turn, says **Vanessa Houlder**

Will the "new season of American renewal", promised by President Bill Clinton to the US people this week, signal a revival of its battered property market?

While the problems of the US property industry remain daunting, some commentators believe that this will be the year when the long decline in values bottoms out. "1993 looks to be a turning point for the economy, and for the real estate industry, too," says Mr Hugh Kelly, head of economic research at Landauer Associates, the US real estate advisers. "By many measures, the worst of the cycle is behind us."

Mr Sol Rabin of TCW Realty Advisers, a Los Angeles-based company of property advisers, agrees. "Although there is no sign of improvement yet, there are growing signs that we are at the bottom."

The fate of the property industry is bound up with the policies of the new US president. Issues such as trade policy, strengthening the banking system, increasing tax revenues and the possibility of pump-priming measures "will affect the real estate industry sooner than later", says Mr Kelly.

"Economic expansion and renewed optimism are necessary preconditions for real estate to work its way out of its long purgatory," he says.

But not even the optimists believe that the climb out of the abyss will be quick or easy. The US real estate market is labouring under the weighty legacy of the 1980s, when tax breaks and easy money stimulated a big increase in construction. Some 40 per cent of all the property in the US was built in the 1980s, according to TCW.

The result was a steep rise in vacancy rates, reaching an average of nearly 20 per cent in downtown office markets. Property analysts calculate that there is enough vacant office space to give every unemployed person in the country his or her own 8 ft by 7 ft office.

The result has been a sharp fall in property values of at least 30 per cent in the last four years, as investors have shied away from the market. Investment in property has been sharply reduced from $21bn in 1988 to less than $4bn in 1992.

However, potential investors complain that prices are still being kept artificially high. This has led to a stalemate between buyers, who have waited for prices to fall further, and sellers, who have been waiting for them to go back up.

"If the banks were to write down property values enough, investors would come in," says Mr Rabin. "Some of the banks are being unrealistic about prices."

The US property market – as in the UK – ultimately depends on demand from tenants; and demand depends on the strength of the economy. Landauer's economic projections for this year include a 3 per cent real growth in gross domestic product, and a net gain of more than 1m jobs.

However, there are significant variations in the prospects for different markets and regions:

● The office market, which saw rents fall by 4.4 per cent and values fall by 7 per cent in 1992. Prospects are still weak, but there is scope for encouragement in the decline in supply, which has slowed to a trickle, and improved demand prospects.

Landauer estimates that an additional 1.38bn office jobs will be created across the country by 1997. It concludes that 47 per cent of the current vacant space could be absorbed in the next five years.

The best-placed cities are those with the greatest potential for job creation in the 1990s. Landauer's ranking of areas according to their changing supply and demand profile puts Orlando, Houston, Seattle and Atlanta as the markets with the best prospects for the 1990s – although it rates their prospects as no more than acceptable to good. The likely resurgence of the Houston property market, which has long been notorious for a high vacancy rate, is particularly significant.

At the other end of the scale are most of the US's largest markets, such as Chicago, Washington, Philadelphia, Los Angeles and New York, which are "bogged down with immense inventories of empty space and feeble economic expansion prospects through mid-decade".

New York, which has lost more than 100,000 office jobs since 1990, is the worst placed of the 24 US cities monitored by Landauer. "The weakness in office rents and values will be a persistent feature here through the latter part of the decade," the company says.

● The retail market – fears of unemployment and heavy debt burdens are continuing to restrict consumer spending and depress the retail property market. This is in spite of low interest rates and hopes of economic recovery.

The decline in retail property capital values has been far less marked than for offices, although income returns have lagged nearly every other sector in the market. Dallas, Seattle and Tampa offer the best prospects, according to Landauer; among the worst are in Hartford, Richmond and Memphis.

● The industrial market, which has been badly affected by the contraction of companies such as General Motors and IBM and by reduced military spending, which has particularly hit the Californian economy.

Nonetheless, there is some comfort in the industrial sector. A Federal Reserve banking survey last October suggested that manufacturers' optimism is picking up and, despite continued closures of large plants, the number of small factories is on the rise. The warehouse market shows some sign of recovery, particularly in Seattle, Houston and Dallas.

● The residential market – although values are still falling, apartments are the best-performing sector in the property market, as it does not suffer from the oversupply plaguing other parts of the market. Average vacancy rates declined from 7.4 per cent to 6.8 per cent in 1992. "If these rates continue to fall, significant spikes in average rents should be expected," says Landauer.

Falling prices and cheaper mortgages helped the single-family housing market rebound in 1992, with a 4 per cent rise in volume and a slight increase in prices. Prospects for a continued improvement in 1993 are modest, however.

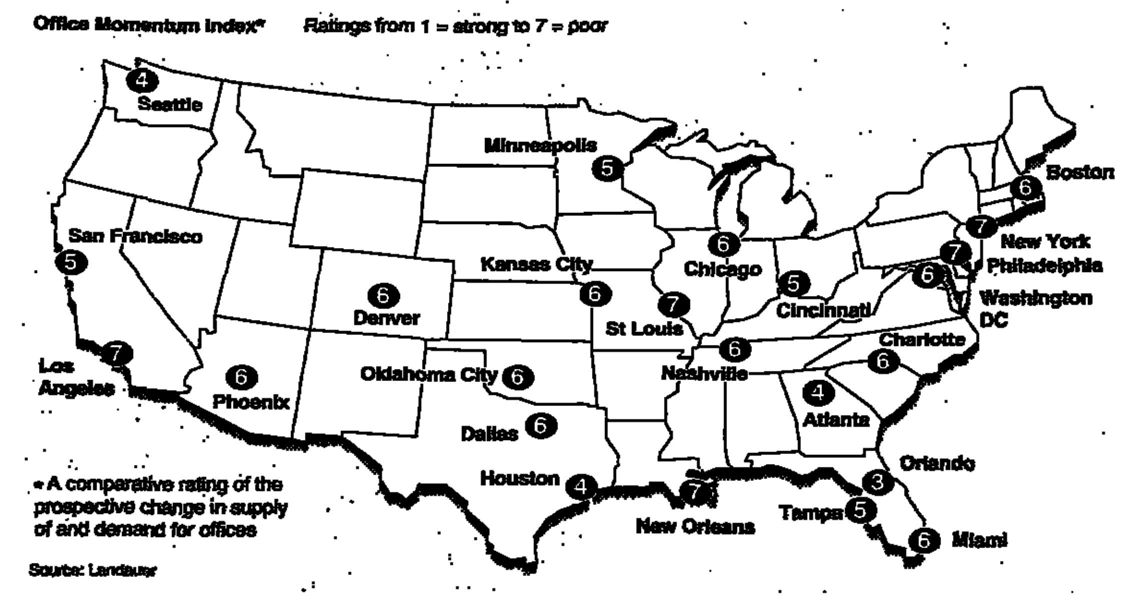
● The hotel market, which is probably the hardest hit of all the US commercial property markets. "While an office building can harbour an above-market lease that represents a potential threat to cash flow, hotels must go to market every night. It is hard to hide problems in this business," says Landauer. It adds that 1993 is expected to be another bleak year.

An examination of the prospects for different states and sectors demonstrates how widespread and severe are the problems facing the US property market. Hopes of a recovery are fragile and could easily be dashed by events such as a rise in interest rates.

Probably the best that can be said for the US property industry is that, for the first time in years, the market runs a chance of being in a better, not worse, state by the time the year is over.

Outlook for US office market

Office Momentum Index* Ratings from 1 = strong to 7 = poor



* A comparative rating of the prospective change in supply of and demand for offices

Source: Landauer

RECRUITMENT

JOBS: Progress in developing computerised test of an ability highly useful in many types of work

Better than being good in a crisis

By Michael Dixon

JUST suppose, if such isn't your job already, that your living depends on achieving top-class results to tight deadlines, whatever fate may betide. Which of the following kinds of workmates would you rather have in support?

A – Those who're good in a crisis.

B – *People who prevent crises from happening in the first place, by anticipating likely problems and ensuring they don't arise.*

Except madcap youths, slaves to routine and masochists, all of us would surely prefer B: problem-*anticipators*. So the omens look good for psychologist Clive Thacker of Wolverhampton University.

Although a specialist in psychometric tests, he has doubts about an assumption made by most recruiters who use them. It *is that job requirements can be* broken down into shopping lists of intellectual and personality traits measurable by standard yardsticks: for example, so much skill at mentally manipulating information expressed in words, *plus so much at manipulating* numerical data, *plus* such a degree of pushiness...and so on.

In his view, adding testable traits together in that way is incapable of giving an accurate gauge of the vast complexity of human talents. He is therefore focusing *his* research, not on general measures of personality and the like, but on developing a *computerised test of one specific* ability important in many jobs: that of anticipating problems.

The prototype combines three elements. The first is a 15-item questionnaire assessing people's disposition to think ahead, a yardstick which Dr Thacker, who switched career to psychology in his early 30s, devised in the course of his doctoral studies. The next checks speed of mental reaction. Then comes a test of ability to think logically about *cause and effect.*

All the elements, he says, are "modelled to interact dynamically" – a feat which I gather is in its way not far short of the soccer star's legendary achievement of opening a can of peas with his *left foot. The whole gauntlet can* be run in 30 minutes or so.

As for the test's benchmark of problem-anticipating excellence, thereby hangs a tale. Clive Thacker's particular interest in the ability dates from the 12 years he served on the production staff of professional theatre companies, working his way up from assistant stage manager.

In that kind of job, he explains, the governing principle is not just Sods Law's ruling that if anything can go wrong, it will. Actors are typically so "disaster-prone" that, even if it can't go wrong, they'll somehow fix for it to do so. Nor are the dangers thereof limited to distracting the audience from the plot.

"When we did the Caucasian Chalk Circle up in Newcastle, we had two 25ft towers on stage and the cast had to make a rope bridge between *them, which the* leading lady walked across. That put us on a potential of a death a night. And though there are always plenty of actors looking for work, women who can play big Brechtian roles are rare."

Having come through a dozen years of such exposure without even a small disaster to his debit, Dr Thacker thinks he has proved himself a problem-anticipator of high degree. And his score on the test, 96, is the best yet achieved.

But that is far from his only *reason* for confidence that the instrument is sound. By standard statistical checks, the evidence from the several dozens of people tested to date is encouraging. Even so, much refining work is still needed, and Clive Thacker would like *to hear from* any organisation interested in helping with further development.

The Jobs column has already done its bit by becoming another guinea pig, scoring 79. So I can claim my problem-anticipating *ability is at least average*... although my partner Bill Hall says it would be better described as "just about tolerable".

WHENCE to the table alongside, which tells the sad tale of events in the United Kingdom executive-employment market as gauged by the MSL International consultancy's three-monthly counts *of jobs advertised in* the more highbrow journals.

As may be seen from the line of totals three quarters of the way down, last year's advertised demand fell 10 per cent short of even the record low of 1991. So much for the optimistic hopes I expressed 12 months ago!

The previous worst in MSL's 33 years of checking, by the way, *was the 1981 tally of 18,795.*

The separate three-monthly counts under the totals scarcely point to *early recovery* either. Although the first three quarters of 1992 brought a slowing of the *market* plunge from the rates of the year before, it steepened again in the final quarter. The only comfort the consultancy can offer is that October was worse than November which in turn was worse than December.

Still, to quote the poet Arthur *Hugh Clough's* brave words on the failure of previous optimism, "if hopes were dupes, fears may be liars". Whatever the totals may say, I'm banking on the two plus signs in the upper part of the table for 1992, especially the one against sales and marketing where demand has improved for the second quarter running.

UNITED KINGDOM ADVERTISED DEMAND FOR MANAGERS AND KEY SPECIALIST STAFF
(Year to December 31)

Type of work	1992 Posts advertised	1992 Change from 1990 %	1991 Posts advertised	1991 Change from 1990 %	1990 Posts advertised	1990 Change from 1989 %	1989 Posts advertised	1989 Change from 1988 %	1988 Posts advertised	1988 Change from 1987 %
Research & dvlpmnt	1,272	−26.6	1,733	−46.5	3,242	−22.1	4,160	+ 3.9	4,004	+18.7
Sales & marketing	2,478	+12.9	2,194	−23.2	2,858	−27.4	3,934	−31.1	5,707	− 9.1
Production	2,215	−16.2	2,642	−47.9	5,068	−16.0	6,032	−20.5	7,589	+38.9
Accounting	2,602	−19.6	3,238	−40.6	5,448	−19.1	6,731	−12.8	7,716	+ 1.2
Computing	1,035	+ 1.7	1,018	−54.1	2,216	−37.1	3,521	−28.8	4,947	+50.0
General management	857	−12.2	976	−25.0	1,302	− 3.7	1,352	−16.7	1,623	+ 0.7
Personnel	387	− 4.7	406	−48.9	794	−29.3	1,123	+ 2.4	1,097	− 0.5
Others	3,550	− 7.0	3,817	−41.8	6,559	−15.1	7,723	+ 2.7	7,519	+15.1
Total	**14,396**	**−10.2**	**16,024**	**−41.7**	**27,487**	**−20.5**	**34,576**	**−14.0**	**40,202**	**+13.9**
Jan-March	4,058	−11.2	4,572	−45.6	8,397	−23.1	10,915	− 2.7	11,223	+22.4
April-June	4,023	− 5.0	4,235	−44.6	7,641	−16.7	9,176	−13.4	10,593	+23.2
July-Sept	3,379	− 6.9	3,630	−40.8	6,131	−22.0	7,858	−15.8	9,338	+12.9
Oct-Dec	2,936	−18.1	3,587	−32.5	5,318	−19.8	6,627	−26.8	9,048	− 2.2

هكذا من الأصل

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Nous vous remercions d'adresser vos dossier, sous réf. BK/International/FT, à Bernard Krief Consulting Group, 115 rue du Bac, 75007 Paris.

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PARIS

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to work in one or more of the following areas:

- Analysis of the economic and social impact of the tax policies of Member countries; statistical comparisons of tax/benefit systems and the structures of tax revenues; examination of the impact of globalisation of economies on national tax systems
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- Ten years' experience in the tax field, preferably with a national tax administration or *international organisation.*
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Applications, together with detailed curriculum vitae in English or French and specifying "DAFFE" should be sent to Human Resource Management Division, OECD, 2 rue André-Pascal. 75775 Paris Cedex 16. Closing date 15 February 1993
Only shortlisted candidates will receive an acknowledgement.

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Those interested should send their Curriculum Vitae (including current package details) to, or telephone in confidence: Richard A Fletcher, Managing Director, Fletcher Jones Ltd., 9 South Charlotte Street, Edinburgh, EH2 4AS. Tel. (031) 226 5709. Fax (031) 220 1940.

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A highly attractive remuneration package will be offered to the right candidate. Please submit your application, including a CV, to:

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Smith New Court Securities Limited,
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To apply, please submit a C.V. or telephone for further details and an application form to:
Lyn Usher (Ms),
Director of Personnel,
Societe Generale Strauss Turnbull Securities Limited,
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The new College of Business and Economics at Sultan Qaboos University will start classes in September 1993, and is currently recruiting academic staff at all levels. In the coming months, the following appointments will be made:

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In the fields of accounting, finance, economics, information systems, statistics, production and operations management, human resources management, management systems, and marketing.

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The terms and conditions of appointment will be generous. Tax-free salaries within the range of $40,000 to $80,000 will be paid, together with free, good housing facility. The appointments will be made on the basis of rolling two-year contracts. Joint appointments with existing institutions will be possible.

Brief CV's should be sent to the Secretary General of Sultan Qaboos University, who will then refer them to the Search Committee comprising distinguished academics from the USA, the UK, continental Europe and the Middle East. Preliminary interviews and further information sessions will be held in Boston, London, Paris and Cairo.

Address:
H.E. the Secretary General
Sultan Qaboos University
P.O. Box 32500, Al Khoudh
Sultanate of Oman

هكذا من الأجل

ACCOUNTANCY COLUMN

Man with a mission prepares to take on the world

Andrew Jack on challenges facing the new chairman of the International Accounting Standards Committee

MR EIICHI SHIRATORI, the new chairman of the International Accounting Standards Committee, is a man with an ambitious mission. By the end of his term in June 1995, he wants to see his organisation's standards accepted in most of the world's leading equity *markets*.

"That is my hope," he says in a tone which is simultaneously respectful and assertive. "It is also my expectation. I am more than 90 per cent certain that it can be achieved."

Shiratori, who became chairman at the start of the year, flew back to his native Japan on Monday after a week in London at headquarters discussing agendas and addressing some 15 issues to be tackled in the coming months.

He will need all of his skills of persuasion for the task *ahead*, and may well be glad that he has retired from his partnership with Arthur Andersen and can concentrate on his new responsibilities.

Eiichi Shiratori: confident of achieving international recognition

After years of toil unnoticed except by a small group of dedicated, jet-setting accountancy luminaries since its creation in 1973, the International Accounting Standards Committee (Iasc) has recently begun to come into its own.

At the start of the decade, the International Organisation of Securities Commissions (Iosco) gave Iasc a new lease of life by suggesting in principle that it might accept international accounting standards as an alternative to national standards.

Theoretically, that could lead to companies that use its standards being able to seek a listing on foreign equity markets without the additional expense and legal difficulties of presentation in that country's format.

Late last year, the process came one step nearer at its annual conference in London. Iosco agreed to accept the *now near-complete canon of international* auditing standards produced by the International Auditing Practices Committee of the International Federation of Accountants.

Shiratori hopes that Iosco will follow suit by accepting Iasc standards on the same basis at its next annual meeting this autumn. If not, he is determined to win acceptance by the *time of its 1994* meeting which – appropriately enough – will be in Tokyo.

Much of the Iasc's efforts up till then will be in completing its *so-called comparability* and improvements project. This was designed to reduce the number of alternative accounting treatments that it permitted in order to gain approval from its members.

The most immediate question is what compromises Iasc may be forced to make in order to gain Iosco's approval. More fundamental is whether the magic endorsement will hold sufficient reward in comparison to the energy being invested in the process.

To its critics, the International Accounting Standards Committee still seems irrelevant. While a small group of technical accountants works away busily in the background, few others – least of all the national equity markets – pay much heed.

There may be a case that the drafters are moving far too much ahead of the demand for international standards. Certainly it has so far proved impossible for the committee to fill its three vacant, part-time board seats with any representatives from business.

Equally, the number of companies using Iasc standards appears to be small. The organisation's latest survey last summer showed just 94 companies had cited the standards in their published financial statements – although these included some notable names such as Nestlé and Fujitsu.

But Mr Ray Hinton, technical partner with Arthur Andersen, dismisses the *figures*: "There *is by no means* a flood, but the most important thing is not whether companies say they are complying but whether they are.

"Even more important is whether international accounting standards are permeating into the standards of individual countries," he says. "National standards-setters won't necessarily confess to it, but the Iasc has an influence by osmosis. They are loath to go in the other direction."

He cites the example of related-party transactions, issued by the Iasc in 1984 and now finding a place in many countries' standards. In the UK, he argues that the Accounting Standard Board's statement of principles has drawn heavily on the Iasc's conceptual framework.

Some countries have adopted the Iasc standards virtually unchanged, such as Singapore, Malaysia and a number in Africa. Several Stock Exchanges, including London and Hong Kong, already accept international standards as alternatives to their own national ones for listing.

Now one of the key missing players has also begun to *thaw*. The US, previously hostile to the Iasc, has started to take notice, driven in part by concern over companies seeking listings in *other countries rather* than meeting its own tough requirements.

The Financial Accounting Standards Board has begun to conduct more open dialogue. Even the Securities and Exchange Commission has become more active. Late last year, Mr Walter Scheutze, its chief accountant, began talking about the need for an "accounting Esperanto" to broach the *differences* in accounts in countries across the world.

But these gestures have come at a high price. The International Accounting Standards Committee, already very much driven by Anglo-Saxon accounting principles, has been forced to bend even more towards the US approach apparently in order to gain acceptance.

One clear instance which caused the stomachs of many observers to sink was Iasc's decision to permit last-in-first-out (Lifo) for the valuation of inventories in its revised standard IAS 2. Among the key proponents was the US.

Mr Allister Wilson, a technical partner with Ernst & Young, argues that there is an irreconcilable tension between Iasc's role in setting minimum standards for national adoption and standards allowing multi-nationals to seek foreign listings.

He also questions how meaningful harmonisation of accounting standards can ever be whilst national practices are a function of a very different cultural and political regime, with widely divergent tax systems and other factors which make cross-border comparisons fraught with ambiguity.

Meanwhile, there is no guarantee *that even if Iosco does accept* international accounting standards, *it* can persuade its member countries' regulators and exchanges to accept them. It will prove a difficult battle in the US. It will be tougher still in Germany and in Mr Shiratori's own country, Japan.

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This expansion has created the requirement for a Financial Management Controller, reporting to the Finance Director, and joining a high calibre team. Key responsibilities will include:

- Managing a finance department consisting of 50 staff.
- The production of accurate monthly financial reports, budgets and forecasts.
- *Ensuring the implementation and monitoring of* sound internal controls to safeguard assets and improve cash management.
- The development and implementation of financial systems and procedures to improve the efficient and effective operation of the finance department.

The successful candidate will be a computer literate, qualified accountant, aged 30-40, with a minimum of five years post qualification experience preferably gained within a large organisation. Essential qualities will include strong managerial and interpersonal skills, a high level of commercial acumen and the drive and ambition to succeed within a forward thinking organisation.

In the first instance, interested applicants should send a comprehensive CV to **Steven Vass BA ACA** at **Michael Page Finance, 29 St Augustine's Parade, Bristol BS1 4UL.**

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Financial Controller

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The company is now looking to extend its strong management team with the appointment of a Financial Controller. This role will provide a financial information service which will involve detailed analysis of the business, management accounts and reporting. Budgeting, forecasting, investigations on new products and close involvement with the accounting issues generated from marketing, sales and administration are the key components of this role.

The ideal candidate will be a qualified accountant with experience of the leasing industry. It will be important that the incumbent has a developed understanding of business issues and commercial decision making. A MBA qualification would be regarded as an advantage. Communication with the parent company is in French so an understanding of the language is necessary.

Ambitious candidates will have the opportunity to progress to senior management within the group and the variety of opportunities may include secondments within Europe.

Candidates interested in developing their careers in a successful and expanding company should send their CV to **Andrew Norton** at **Michael Page Finance, Financial Services Division, Page House, 39-41 Parker Street, London WC2B 5LH.**

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The successful candidates must be *fluent in English,* both written and spoken. In addition, the position in Bulgaria requires a strong command of a Slavic language, (eg Bulgarian, Russian, Polish or Czech). The position in Romania requires a strong command of a Latin language (eg Romanian, French, Spanish or Italian). You will be a fully qualified accountant, married or single, aged 28-50, and willing to travel both nationally and internationally.

Interested applicants should send a full curriculum vitae to **David Bloch,** at **Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH. Tel: 071-831 2000.**

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A qualified Accountant, probably aged 35-45, you will have a proven track record of *achievement acquired in a manufacturing environment, and a good working knowledge* of MOD related business is highly desirable. A creative thinker with an intuitive feel for the business, you will need the ability to communicate effectively at all levels and adopt a pro-active stance, whilst displaying commercial awareness at all times.

Please apply directly to Rod Hutchings at Robert Half, Freepost, 6 The Carronades, New Road, Southampton SO9 IBG. Telephone: 0703 233131. Alternatively, fax your details on *0703 231850.*

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You will need to be a fully qualified accountant with 3–5 years experience at senior level. This senior post offers an excellent package which will be of interest to people currently earning c. £30,000.

Please forward CV, including salary and benefit details to

Mrs Janet FitzGerald
Personnel Manager
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JTB

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- sound proficiency in treasury management
- fluency in Russian and English
- highly effective management and leadership skills
- knowledge and experience of computerised systems.

Above all you must be mature, have the ability to inspire others and display personal and professional standards of excellence.

This is an outstanding opportunity to undertake a professionally challenging career, within an exceptionally strong group, in an evolving market environment.

Any interested parties should please write to: Miranda Cahn at Nicholson International, Search and Selection Consultants, Africa House, 64/78 Kingsway, London WC2B 6AH, quoting reference 9726, alternatively fax your details on 071-404 8128, or telephone 071-404 5501 for an initial discussion.

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c. £32,000 + Car + Benefits

Our client is a global chemical company with world-wide sales approaching $20 billion. operating in 32 countries and employing 62,000 people. The financial requirements of such a large corporation are both complex and diverse, requiring a high level of expertise and professionalism; they are managed by proactive Treasury teams situated throughout the world who ultimately report to the Corporate Treasurer in the United States.

We are seeking a Treasury professional to join the UK Treasury Group based near Heathrow As part of a small team, reporting to the Regional Treasurer, you will be responsible for planning the regions cash flow and balance sheet structure, managing its foreign exchange exposure and providing financial advice on leasing to other UK based functions.

The successful candidate will be a graduate with an accounting, MBA or ACT qualification and at least five years Treasury experience in a corporate or financial environment. Ideally aged in your late 20's or early 30's you will have excellent analytical and communication skills and be a strong team player. PC literacy is essential.

To apply, please write enclosing a CV to: J Porter, Hoggett Bowers Advertising, 5 London Bridge Street, LONDON SE1 9SG.

All applications will be forwarded directly to our client who will conduct the interviews.

Hoggett Bowers ADVERTISING

INCE & CO.

DIRECTOR OF FINANCE AND IT

Developing new systems
Enhancing performance
The City
To £60,000 + bonus

With its roots firmly in maritime and insurance, Ince & Co, a first-class law firm, has established an international reputation for professionalism. Its successful expansion into other areas of commercial law has involved it in solving problems and mediating disputes all over the world. To continue to meet the ongoing challenges in commerce and technology with informed management decisions, our client is looking for a finance specialist who can combine a high degree of foresight with the ability to implement new systems.

A key member of the executive, you will lead the 20-strong team, responsible for developing financial and information systems capable of meeting increased demands and enhancing overall profitability.

More specifically, this involves analysing existing accounting, financial control and information systems, making recommendations and progressing them through to implementation. In this demanding, high-profile role, *it will be crucial that you are able to quickly establish* credibility and inspire confidence in your expertise.

A graduate and fully qualified accountant, you should have substantial senior financial management experience gained in a legal or professional services environment. A proven record of improving financial controls and profitability should be backed by exceptional communication skills.

In return you will receive a highly competitive salary plus bonus, an attractive range of benefits and excellent career prospects.

To apply, please send your cv to Sue Knight, **Ref:0779/SK/FT, PA Consulting Group,** 123 Buckingham Palace Road, London SW1W 9SR.

PA Consulting Group
Creating Business Advantage
Executive Recruitment - Human Resource Consultancy - Advertising and Communications

Finance Director

TECHNOLOGY RESEARCH ORGANISATION

UP TO **£50,000,** CAR

NORTHERN ENGLAND

The company, £20m turnover, is at a critical stage of its development. A strong technology base, and a national and international profile achieved by a skilled and professional staff provides a promising basis for future growth. A progressive management team is looking to add to its present strengths those of a Finance Director whose key tasks will be:

- the introduction of enhanced financial and management controls;
- the provision of a high level financial resource in joint venture, acquisition and funding negotiations;
- to make a strong personal contribution to the improvement of business performance;
- the management of IT development.

The position requires a graduate qualified accountant, probably under 40, accustomed to operating at Board level in an organisation providing engineering services to industries preferably operating in a fast moving technological environment. Originality of thought, entrepreneurial leanings and a strong personality must be balanced by developed managerial ability. The business and creative environment is challenging and stimulating, and demands a high intellectual level.

Candidates should send a comprehensive CV or telephone for an application form to Howgate Sable & Partners, Arkwright House, Parsonage Gardens, Manchester M3 2LF. Tel: 061-839 2000, Fax: 061-839 0064, quoting reference (F.T.773A).

Howgate Sable
SEARCH AND SELECTION: EXECUTIVES AND INDEPENDENT DIRECTORS
FOUNDER MEMBER

Information Services
Finance Director

Circa £50,000, car and share options — North London

Formed in mid 1992, our client has secured substantial funding and now seeks a Finance Director to complete its senior management team. Led by a highly respected entrepreneur with a proven track record, the company will offer an exciting new information technology service to an established marketplace. For the right individual the potential financial rewards are outstanding.

THE APPOINTMENT

- Establish a systems and financial reporting infrastructure to enable rapid and coherent growth of the business.
- Raise multi-million pound financing for further company expansion.
- Contribute to strategy and overall business development as a key member of the management team.

THE REQUIREMENTS

- Of graduate calibre, with a recognised accountancy qualification and/or MBA.
- A minimum of seven years' post-qualification experience, including running a hands-on financial accounting function.
- Experience of raising finance, with exposure to the US markets of particular relevance.
- Highly computer literate, with drive, initiative and entrepreneurial flair.
- The presence and maturity to be credible at the highest levels within the financial community.

Please apply in writing with full CV and salary details quoting reference 90486/B to Susannah Truswell, **K/F Associates**, Pepys House, 12 Buckingham Street, London WC2N 6DF.

K/F ASSOCIATES
Selection & Search

Director of Finance

Location: West London
c£38,000 + package + car
(additional for exceptional candidates)

For over 30 years, *The Richmond Fellowship* has worked in the community care field pioneering aid for those recovering from mental health or addiction problems.

A registered charity and Housing Association, it runs community-based projects for all age groups from intensive rehabilitation programmes to supported housing projects, group homes and work schemes.

The past two years has seen major changes and restructuring to improve efficiency and further improvements are planned. Although these will take place against a back-drop of changing central government policy and funding, the aim of *The Richmond Fellowship* will remain unchanged:

"To strive to provide the most appropriate services to serve the client's best interests"

The Richmond Fellowship is now seeking an ACA or MBA qualified professional for this high profile post.

Someone with around 10 years experience at a senior level of which five should have been in a housing specialism.

The person we are seeking will need to possess the credibility to win the support of senior managers yet be able to communicate effectively at every level of *The Richmond Fellowship's* organisation. Naturally, such a person will possess the interpersonal skills to both influence and negotiate with external bodies at the highest of levels, be computer literate, a team worker and an imaginative and strategic thinker.

Insight

For an Application Form and Recruitment Pack (CVs will not be accepted), please contact our retained consultants. Applications should be returned by February 12th and initial testing and pre-selection interview will be held on March 1st.

INSIGHT HUMAN RESOURCE & CONSULTANCY, NEW BARN FARM, NEW BARN LANE, HENFIELD, WEST SUSSEX BN5 9SJ. TEL: (0273) 494105. FAX: (0273) 494778.

The Richmond Fellowship
For Community Mental Health

APPOINTMENTS ADVERTISING

appears every Wednesday & Thursday & Friday (International edition only)

For further information please call:

Tricia Strong on 071-873 3199

Andrew Skarzynski on 071-873 3607

Mark Hall-Smith on 071-873 3351

JoAnn Gredell New York 212 752 4500

Financial Analyst

The country's leading food retailer needs a bright, highly motivated individual to join its planning and appraisal function.

This small professional team enjoys a very high profile and plays a key role in advising management on financial and strategic issues. Specific areas of involvement include preparation of corporate plans, investment appraisals for new store developments, analysis of competitors' results and business development projects.

Suitable candidates will be young graduate, qualified accountants or MBA's with significant post qualification experience. Technical, analytical and communication skills of a high order are needed together with the ability to work with a minimum of supervision.

This position provides very good prospects for advancement within the group. An attractive salary and company car is offered together with a range of benefits including profit sharing and SAYE share options (after a short qualifying period) and BUPA.

Please write, enclosing full career and remuneration details, to the Central Staff Personnel Manager, J Sainsbury plc, Stamford House, Stamford Street, London SE1 9LL.

We are an Equal Opportunities Employer

SAINSBURY'S

Group Accountant

City **£32,000 + Car**

Our client is an actively managed holding Group with a broad range of interests that include manufacturing, property, aviation, financial services and portfolio investments. With net assets now approaching £500m the Group has built it's reputation on the management of quality businesses and is continuing to develop organically and by acquisition.

The Group now seeks to appoint a Group Accountant. In this new role, the successful candidate will work closely with and be a part of a small highly professional team at the head office. The position will include hands-on responsibility for financial reporting, the upgrade of systems and computerisation and other corporate ad hoc projects such as the enhancement of treasury administration for the group.

This is a high profile role *involving exposure to* senior executives including main board directors and as a consequence candidates, who will be qualified accountants probably in their late 20's, must be able to demonstrate technical excellence. The appointee must have a strong grounding in PC based systems and have a will to make a positive contribution to the management team coupled with an ability to get things done. Career prospects are excellent within this highly regarded Group.

Please write enclosing full Curriculum Vitae quoting *ref 616 to;* Philip Cartwright FCMA, Riverbank House, Putney Bridge Approach, London SW6 3JD. Tel: 071 371 9191 Fax: 071 371 9478

CARTWRIGHT CONSULTING
FINANCIAL SELECTION & SEARCH

APPOINTMENTS WANTED

AN ENERGETIC AND WIDELY EXPERIENCED INTERNATIONAL FINANCE DIRECTOR

Currently based Thames Valley specialising young, high growth sales & marketing lead organisations. Seeks new opportunities full or part time.

Please write to Box A675, Financial Times, One Southwark Bridge, London SE1 9HL

EUROPEAN FINANCE EXECUTIVE

C.A., UK National in late 30's, based in Paris/London, bilingual - experience as Finance Director responsible for UK, France, Holland, Switzerland, Luxembourg and Spain.
Previously manager in "Big L" audit firm.
Experience in financial services, property and commercial sectors.
Knowledge of UK, US and international reporting but I am not only a "numbers" man but will contribute to business with enthusiasm and overall commercial skills.
I seek either short term assignments or a full-time position based in the UK or the continent. References.

Write to Box A687, Financial Times, One Southwark Bridge, London SE1 9HL

ACCOUNTANT/CONTROLLER
Germanic Countries
USA Multinational

German/English speaking accountants with a strong, pleasant personality, being customer focused, and able to be assistant to the manager of a 50 staff sales division, job based in Germany, some travel. PC based accounts, domestic and USA reporting, fantastic growing profitable company - excellent career prospects. Fax CV/business card in confidence for a more detailed information exchange Ref: 216 to:

John Weeks, 12 Crosbys, Burbage, Marlborough, Wilts SN8 3TL England Fax: 0672-811148

Shaping a new era for Britain's car industry...

FINANCIAL ACCOUNTANT

Senior Specialist

c£30k + Lease Car & Benefits

Burnaston, Derbyshire

未来

CREATING THE FUTURE TOGETHER

Toyota's £700 million car assembly plant at Burnaston was completed on schedule. The same commitment to excellence through teamwork is now reflected in the new Carina E which started production - again to plan - in December.

Exceptional in many ways, not just in manufacturing techniques but also in the single status working environment, this major venture will ultimately employ 3,000 people and accelerate Britain's export drive through *production of 200,000 cars a year.*

This senior financial accounting position will present a stimulating challenge for a Chartered Accountant with man-management experience who has already held a Financial Controller post in industry. In addition to being familiar with the demands and disciplines of large company accounting, the post demands in-depth knowledge of VAT, Duty, Export procedures, invoicing and multi-currency transactions, together with the skills to continue the evolution of high-quality systems.

If you have these abilities this is a superb career opportunity at an exciting time for someone with an open mind, a flexible attitude and a talent for teamwork. A generous package includes an excellent pension scheme, private health care and relocation assistance where necessary.

If you're ready to help us create the future, please send your full CV to Mrs Kathy Worsfield, (Ref FT/1), Human Resources Division, Toyota Motor Manufacturing (UK) Ltd, Burnaston, Derbyshire DE1 9TA.

Toyota Motor Manufacturing (UK) Ltd is an equal opportunities employer.

TOYOTA

Aberdeen Royal Hospitals NHS Trust

Director of Finance

c£45,000 + Bonus + Car

Aberdeen Royal Hospitals NHS Trust was one of the first to achieve Trust status in Scotland. Over 4300 are employed, annual revenues are around £109m and the Trust's forward business plan shows considerable investment in equipment and facilities, all geared to the highest possible quality of patient care. As Director of Finance, you will play a key role in the strategic development of the Trust in the longer term. While obviously responsible for all financial management and systems, you will be expected to bring commercial acumen, proactive thinking and intellectual ability to the *Trust as it continues to develop the widest range of services* for the public it serves through contracts with purchasers. Ideally, you will be aged 35-45 and a formally qualified accountant, probably a C.A., who has had extensive experience in a large, complex, multi-faceted organisation which has experienced significant change. Salary will be negotiable around £45,000 *and supported by a performance related bonus, car and* relocation assistance to the Aberdeen area. Please apply, in strictest confidence, with full career details, to R. J. Cleland, as adviser to the Trust, at Selection Thomson Ltd., 1-11 Hay Hill, Berkeley Square, London W1X 7LF, or 14 Sandyford Place, Glasgow, G3 7NB.

Selection Thomson

London and Glasgow

LAURA ASHLEY

Laura Ashley has an unique concept with a strong brandname in retail business. We design and produce fashion and home furnishing collections, which we sell worldwide through our own shops. In our Continental European Retail Division we will double our current number of shops to about 120 over the next 5 years.

For the CONTINENTAL EUROPEAN RETAIL DIVISION we are in search of a

FINANCE DIRECTOR (M/F)

Reporting to the Group Finance Director (UK) and the Managing Director Continental Europe Retail you will be a key member of the Divisional Management team responsible for the long term planning and development of the retail business as well as day to day operations.
You will be based at the divisional HQ in Veldhoven, the Netherlands.

Responsibilities include:
- Budgetting, planning, controlling and financial reporting.
- Leading and developing the finance team of currently ± 30 people working in the various Continental European countries.
- Liaising with Operational Management to assist with the effective running of the Continental European Retail Business.

In your current position you have a successful and leading role in the finance in an international (retailing) organisation. You have a commercial view on business and are an excellent teamworker. You are used to translate strategic plans into clear action plans.
Furthermore you are an excellent people manager able to further develop the divisional finance departments. You have a financial economic background (master degree) and speak English, German and French. To speak Dutch would be advantageous.

If you feel attracted to our innovative approach to business and want to be part of a dynamic organisation such as ours, please send your application with C.V. in English to:

LAURA ASHLEY DISTRIBUTION B.V.
Richard Koopman
Personnel Manager C.E.R.
Luchthavenweg 24
5507 SK Veldhoven, The Netherlands

laura ashley

Vous fait part d'un accord publicitaire avec les ECHOS le quotidien économique le plus important en France. Dans la rubrique "Offres d'emploi Internationales", une annonce conjointe dans le FINANCIAL TIMES et LES ECHOS augmentera de façon substantielle l'impact de votre message sur les cadres dirigeants en Europe. Chaque semaine les annonces paraîtront dans les Echos le mardi et dans le Financial Times le mercredi ou le jeudi (le vendredi dans l'Edition Internationale du Financial Times). Pour de plus amples renseignements, veuillez contacter:

CLARE PEASNELL 071 873 4027

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

LORNAMEAD

ACCOUNTANT circa £20,000 + car + benefits

The Lornamead group is a *leading producer and* exporter of toiletries, wines and spirits and food products. The group is experiencing significant growth in its markets and requires to strengthen its financial team.

Reporting to the Financial Director, the Accountant will have total responsibility for timely production of management information, tax and VAT compliance and company secretarial duties as well as the upkeep and development of the group's computer system.

The successful candidate is likely to be a qualified accountant who will be at home in a dynamic, fast-moving environment. Versatility, energy and a hands-on approach are essential.

Candidates should apply in writing, enclosing a full CV, to:

The Financial Director, Lornamead Limited, Lornamead House, 1/5 Newington Causeway, London SE1 6ED

Private Client

TAXATION MANAGER

St James's Park

London SW1

Our client is a well respected investment and financial management organisation dealing predominantly with all aspects of the financial affairs of high quality private clients and their trusts.

On the retirement of the present taxation manager, the company is seeking a replacement. The ideal candidate for this challenging post will be aged at least 35, ACA and/or ATII qualified, and be currently responsible for a private client tax portfolio. In addition to taxation work, he or she will also be expected to assist with the administration of clients' financial affairs, including insurance. *It is intended that the position will* further be developed to include aspects of compliance with financial services regulations.

An attractive remuneration package is offered, matching ability and experience. Please send a CV, including salary progression, to Kathryn Johnstone at the address below.

DIXON WILSON

CHARTERED ACCOUNTANTS

ROTHERWICK HOUSE, 3 THOMAS MORE STREET, LONDON E1 9YX

EDP AUDITOR

We are a leading Arab financial institution with diverse business locations around the globe.

We seek to recruit a suitably qualified EDP Auditor who should be willing to travel to each of the locations and to be able to work in a multi-cultural environment. The job itself is based in Bahrain but the travel content overall is expected to be around 50%

The ideal candidate will, be a qualified accountant (ACA, ACCA) preferred age 30-35, who has had EDP audit training within one of the large firms of accountants with a bias toward the financial services sector. He/She must have excellent communication skills both written and oral and be prepared to train a local national in all aspects of EDP audit.

For the right candidate we offer an attractive tax free salary, free furnished accommodation, medical coverage and other benefits usually associated with an expatriate posting.

Interested candidates should sent their detailed resumé to: Box A681, Financial Times, One Southwark Bridge, London SE1 9HL.

The Financial Times proposes to publish the CIMA Stage 4 Examination Results on Thursday 4th February

Please call

Mark Hall-Smith

071 873 3460

COMPANY ACCOUNTANT

with Director Potential

Berlin £Substantial package, car

The client is the German Gmbh subsidiary of a highly successful and expansive British construction group. In less than 2 years it has established a very successful operation in Germany, won a number of prestigious contracts and is looking forward to continued rapid expansion. This new appointment is as a result of their growth. The responsibility is for the total *accounting function* of the German company. The reporting line is to the UK based Finance Director. Considerable autonomy will be given. In addition to the production of the monthly reports, there is a broad range of responsibilities including company *taxation*, legal and company secretarial matters, insurance, contracts of employment, banking, systems development and contract Administration and costing. In short, this is an excellent opportunity to become totally involved in the financial management of the business. The position will suit a fully qualified Chartered Accountant, aged 26-35, probably a university graduate who qualified with a large international practice and has subsequently had senior accounting experience in a subsidiary company of a foreign owned corporation. Construction company experience is advantageous but not essential. Fully bi-lingual German/English is essential as is PC literacy and of paramount importance is an ability to interpret for the Group the fine distinctions between UK and German accounting matters. *Equally, the client* is looking for an extremely positive dynamic character who would *relish* the challenges The client believes *in* paying well above average *in* order to attract the best quality people, and the *prospects* for career progression are excellent. **Please forward in absolute confidence a full curriculum vitae to Adderley Featherstone plc, 6 Lisbon Square, Leeds LS1 4LY. Tel: 0532 444074. Fax: 0532 451578.**

ADDERLEY·FEATHERSTONE plc

Executive Search • Management Selection • Human Resource Consultancy

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YOUNG FINANCIAL CONTROLLER

Lancashire - M62 corridor c £30,000, car, bonus

This new appointment will appeal to a proactive graduate ACMA aged 27-32 with a high level of technical competence and a drive level and maturity appropriate to the effective implementation of change. The client is a profitable medium sized MBO company looking towards a flotation within the next six months and a subsequent acquisition programme. It is engaged in the packaging industry sector; it has an excellent pedigree and the wherewithal to develop substantially. This appointment is intended to strengthen the management team. Reporting is to the Finance Director and, through a staff of 9, the key focus of the role is to be very proactively involved with senior management in the development of the business. Emphasis will be placed on the improvement of systems, in particular the integration of the job costing system into the management accounts and the provision and enhancement of internal management reports and controls. A *strong*, confident, persuasive and results orientated personality is required. A packaging industry background would be ideal; experience in job costing is essential. A highly talented individual of some substance is sought. The benefits package includes a bonus and the career prospects are very real. **Please forward in absolute confidence a full curriculum vitae to Adderley Featherstone plc, 6 Lisbon Square, Leeds LS1 4LY. Tel: 0532 444074. Fax: 0532 451578.**

ADDERLEY·FEATHERSTONE plc

Executive Search • Management Selection • Human Resource Consultancy

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FINANCIAL CONTROLLER

Midlands **£30 – 35,000 plus car**

Our client, a medium sized, successful group of automotive dealers requires a Financial Controller who will report *to the Managing Director.* Significant expansion plans mean that the job holder will be expected to play a full part in commercial activities to ensure continued success.

A "hands-on" role, this post carries responsibility for all aspects of day-to-day and strategic financial control. In addition to the normal activities the emphasis will be upon profit maximisation and maintaining *the group's leading position.*

Applicants should be fully qualified accountants, probably aged 35+, possessing a successful record of financial control. Past experience in the automotive industry is preferred. Strong interpersonal skills are necessary together with drive and ambition.

Future prospects lie at board level and will offer the scope for equity participation. A range of benefits will be included in the remuneration package.

Interested applicants should send a comprehensive c.v. including current salary and daytime telephone number to *Phillip Price ACA*, quoting reference 869, Touche Ross Executive Selection, at the address shown below.

Touche Ross

Deloitte Touche Tohmatsu International

MANAGEMENT CONSULTANTS

Leda House, Station Road, *Cambridge* CB1 2RN. Tel: 0223 460222

هكذا من الأصل

TREASURY PROJECT ACCOUNTANT

LONDON

CIRCA £32,000 + CAR + BENEFITS

As one of the UK's most proactive and innovative Treasury Departments, our client is currently seeking to recruit a Project Accountant reporting to a Senior Manager, following growth in this rapidly expanding dynamic business. This consultancy team ensures that the system of controls covering all aspects of Treasury Operations is continuously improved to take account of all new products and operational changes.

Projects in which the successful applicant will be involved cover areas such as mark to market accounting for multicurrency books, front office systems development, risk and profit analysis, and reviews of investments under management. The role is high profile with enormous potential for personal development.

The ideal candidate should be:

- an ACA with first time passes, together with a strong academic background, preferably in science, mathematics, business studies or economics
- able to display highly developed communication and interpersonal skills, as the successful candidate will be expected to have interface with all levels of personnel
- able to demonstrate a logical and methodical approach to problem solving, and strong analytical skills
- experienced in treasury products and procedures, having worked previously either within a similar environment, or in the financial services division of one of the Big Six
- computer literate with experience of Lotus 123 and a knowledge of dealing systems
- risk aware
- a self-motivated and enthusiastic team player

Interested applicants, who feel their backgrounds and abilities match these requirements, should contact **Annabella Humphreys** on 071-379 3333 (fax 071-915 8714) or write to her at **Robert Walters Associates, 25 Bedford Street, London WC2E 9HP.**

ROBERT WALTERS ASSOCIATES

LONDON WINDSOR BIRMINGHAM BRUSSELS AMSTERDAM PARIS

GROUP FINANCIAL OFFICER

Unipalm is a group of Computer Communication companies with a turnover of around £8M p.a. and a projected profit for 1992/3 of £1M. Rapid expansion requires the appointment of a Group Financial Officer responsible for Unipalm's financial management and reporting directly to the Joint Managing Directors.

Responsibilities will include:

- Management of the Finance Section; currently a Company Accountant and three accounts staff.
- Company Secretary for each of the group companies.
- Advising the Board on all group financial matters.
- Full Management control of the entire budgetary cycle.
- The financial management of start-up ventures, from business plan to implementation.

The GFO will probably be an experienced Financial Director or fully qualified accountant, have a track record managing the finances of rapidly growing companies and have a very high *level of motivation and energy.*

Applications in writing to:
Sue Gilbey
Unipalm Limited
216 Science Park
Milton Road
Cambridge CB4 4WA

Unipalm

QUALIFIED ACCOUNTANT

"Half *of the money I spend on advertising is wasted.*

The problem is, I don't know which half."

So said a well known entrepreneur when considering the effectiveness of corporate and product marketing initiatives.

Measurement of effectiveness is difficult at the best of times – all the more so when the object of the analysis is as hard to quantify as "marketing". Hence *our current requirement for an individual* with the intellect, vision and application to define and introduce truly innovative parameters of measurement.

A qualified Accountant with at least two years' post qualification experience, you will need to demonstrate an ability to create and implement innovative performance measurement methodologies. Furthermore, the unique nature of identifying, meeting and fulfilling customer requirements within N&P demands acute commercial awareness in order that these measures can be *viewed in their broader business context.*

Critical to your success will be the ability to play an active role in an established, closely-knit team based in Bradford. Introducing new and often *intellectually* demanding measurement tools to colleagues throughout the organisation, you will be a confident and persuasive presenter with the strength of character to challenge "accepted wisdoms" and be rigourously challenged in return.

For the successful applicant, the recognition and rewards this position brings are truly outstanding. In addition to a salary of up to £30,000, we also offer a car scheme, relocation assistance and comprehensive financial sector benefits.

So, if you think that you can meet the N&P challenge, write today with full cv to our consultant Annette Hawley, at Macmillan Davies, Dudley House, Albion Street, Leeds LS2 8PN.

N&P

YOU SHOULD BE WITH N&P

The Society is an Equal Opportunities Employer

Finance Director

an outstanding opportunity for an ambitious and commercially aware ACA

Luxembourg

Our client is one of the foremost retail financial services Groups, with impeccable parentage and a total commitment to expansion in Continental Europe.

We are looking for an exceptional candidate probably in his or her thirties and our selection standards will be extremely high, matching the importance placed by our client on this critical appointment.

A first class financial and management accounting background is taken as read but much more is required; literacy as well as numeracy, forward thinking as well as historical accuracy and, crucially, communication skills.

Whilst we are not insistent on financial services exposure, we will require demonstrable experience in forecasting and business planning which will form an important part of the role and contribute to the future expansion of the organisation. French and/or German language skills would be a great asset.

This is a high profile role and the rewards in terms of salary and benefits as well as promotional prospects are unlikely to disappoint the calibre of individual required.

Please send full career details quoting Reference No. A5210 to **Malcolm Lawson** at **Codd Johnson Harris, Human Resource Consultants, 12 New Burlington Street, London W1X 1FF,** or alternatively, telephone 071-287 7007 during the working day or 0323 485580 in the evenings.

CJH **Codd · Johnson · Harris**

Challenging appointment for an outstanding manager of people and resources in a volume manufacturing environment.

FINANCE DIRECTOR

Attractive Salary + Car + Benefits Package **Midlands**

Our client is a major subsidiary of one of the UK's leading technology groups, providing a comprehensive and innovative range of Business Systems to an impressive client base.

As part of an exciting new strategy aimed at refining the product mix and building on their first rate customer service, this appointment presents an outstanding opportunity for an experienced Finance Director to make a vital contribution to the future success of the business.

Reporting to the Managing Director the principal responsibilities include:

★ The implementation and development of comprehensive management information, budgetary and financial control systems.
★ Provision of detailed financial analysis with a focus on business performance by product group.
★ Provision of commercial guidance to the board.

Candidates, ideally graduate Chartered Accountants/ICMA's, aged 35-40, will be computer literate with highly developed financial control and reporting skills. These will probably have been gained within a medium-sized volume manufacturing environment and will be combined with a strong commercial orientation. Leadership and problem-solving abilities, coupled with a high level of motivation and proven man-management skills, are the critical personality factors that will ensure your success.

In recognition of your commitment and career achievements to date the Company offers a first rate salary and benefits package and the opportunity to hone your skills within a professional and entrepreneurial team.

Applicants, both male and female, should apply in writing with full career details to Fiona Kelly, Mercuri Urval, Spencer House, 29 Grove Hill Road, Harrow, Middlesex HA1 3BN. Fax No. 081-861 1978, quoting reference FK/01/93.

Mercuri Urval

BUSINESS DEVELOPMENT ACCOUNTANT
WEST END
SALARY NEGOTIABLE

RSA ADVERTISING

Cinema advertising has been described as "the media success story of the 90's". RSA is the country's leading cinema advertising sales house with a turnover in excess of £20 million. Following the recent buy-out from The Rank Organisation, RSA is at an exciting point in its development and we are currently seeking a **BUSINESS DEVELOPMENT ACCOUNTANT** to strengthen the finance team.

The Candidate

- Highly motivated qualified professional accountant (ACA, ACCA, ACMA) with a successful track record in a blue chip commercial environment.
- Ideally aged 25–35.
- Hands-on experience of analysing management information needs and implementing them is essential.
- Experience of commercial and financial analysis of business performance is desirable.
- Extensive experience of sophisticated PC modelling is essential.

The Role

- Reporting to the Finance Director.
- Responsibility for ensuring that the Management Informations Systems deliver the information the Managers need.
- Development of Management Information Systems as the business expands into new areas.
- In-depth analysis of business opportunities.
- Day-to-day responsibility for credit control management including motivating and controlling a team of 5.

Please send applications with a full C.V. and details of salary progression to Personnel Department, RSA Advertising Ltd, 127 Wardour Street, LONDON W1V 4AD. Tel: 071 439 9531.

AN EQUAL OPPORTUNITIES EMPLOYER

. . . an opportunity for an exceptional ACA/CIMA/MBA to join the world's leading cosmetic Group.

Assistant Group Controller

c.£31,000+benefits

(relocation assistance if necessary)

Central London

L'Oréal is the No. 1 cosmetics group in the world employing over 30,000 people in 300 subsidiary companies. Their continuing success and dominance is underpinned by a unique synergy between research, marketing and high quality technically advanced products. The organisation is entrepreneurial in style and has flexible, committed management, focused in small business teams.

In the UK, L'Oréal is present in all market sectors and distribution channels with many leading brand names — including Anäis Anäis, Ambre Solaire, Lancôme, Plenitude, Studio Line.

Due to an internal promotion the company is now looking to strengthen its *Head Office* finance team by appointing a new Assistant Group Controller.

Working at a senior level you will be expected to provide financial management support to the operating divisions. *Responsibilities will include* financial analysis, business appraisal, project work and management reporting and control.

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For further information or an informal discussion please contact Sharmila Sharon Parekh at Financial Selection *Services, Drayton* House, Gordon Street, London WC1H 0AN, or telephone her on 071-387 5400 (eves on 081-363 0474).

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ACCOUNTING FOR GROWTH

Is Creative Accounting Still Alive After The ASB?

on Wednesday 24th February 1993 at
The London Marriott Hotel, Grosvenor Square, W1
8.15am - 9.30am

on Wednesday 3rd March 1993 at
The Runnymede Hotel, Windsor Road, Egham, Surrey
8.15am - 9.30am

Few business books have caused as much controversey as Terry Smith's 'Accounting For Growth'. The contents of the best selling business book of 1992 cost Terry Smith his £325,000 job as head of research at UBS Phillips & Drew and pioneered the author to celebrity status.

One year on, Terry Smith examines what has happened as a result of this runaway publishing *success which put a big question* mark over whether the growth in company profits in the eighties was down to increased proficiency *or manipulating profits* by creative accounting.

At this Robert Half and Financial Times Business Breakfast, Terry Smith asks the vital question:

Is creative accounting skill alive after the ASB?

In answering the question, Terry Smith looks at the techniques under fire including:

- Acquisition accounting
- Disposals
- Off balance sheet finance
- Brand accounting
- Pension fund accounting
- Currency mismatching

Terry Smith also examines:

- *FRS1 and cash flow*
- FRS2 and accounting for subsidiary undertakings
- FRS3 and reporting of financial performance

Places at the Breakfast are strictly limited.

Global coffee prices slip ahead of London talks

By Richard Mooney

THE SLIDE in world coffee prices continued yesterday as producers' expressions of confidence about next week's London talks on negotiating a new price-supporting International Coffee Agreement failed to impress traders.

The March delivery price at the London Futures and Options Exchange's robusta coffee market dipped to $877 a tonne at one point before ending $26 down on the day at $884 a tonne. That was down $91 from the end of last week and $198 from the peak reached less than a month ago. Some traders pointed out, however, that recent falls – which reflected heavy investment fund selling in the New York market – had created an "oversold" technical situation, and suggested a "bounce" was due.

Brazil, the biggest coffee producer, told a meeting of producers' representatives in London yesterday it was ready to consider new ideas on export control at origin and updating quota allocations. "There is a lot of determination on our part to get this agreement at least made viable by the end of March," said Mr Marques Porto, head of the Brazilian delegation. March 31 is the extended deadline for reaching agreement on a new accord, and that would allow only six months for ratification before the expiry of the existing pact, which does not operate an export quota system.

"It will be interesting to see if they can maintain minor progress but it won't really affect the market," a London dealer told the Reuter news agency. "Agreements take a long time to implement."

Malaysian cocoa output revised up

MALAYSIA'S COCOA Board has raised its 1992 cocoa output estimate to 200,000 tonnes from 184,000, but some traders said the actual figure could be much higher, reports Reuter from Tawau.

Traders in the east Malaysian state of Sabah estimated 1992 cocoa supply, including carry-over stocks, could reach 235,000 tonnes, compared with 230,000 in 1991 and 247,000 in 1990.

"Good rains in the later part of the year and big year-end crop made up the production figures," said a senior trader.

Other traders in the Tawau, Sabah's main cocoa-producing region, said some estates saw a 30 to 40 per cent rise in the present main October-December season.

Malaysia's cocoa area is estimated to have fallen to 388,700 hectares (960,000 acres) from 400,300 ha in 1991 and a peak of 420,300 ha in 1990 as growers, hit by depressed prices, have turned to other crops.

Freak flooding hits desert copper mines

By Kenneth Gooding, Mining Correspondent

AMERICAN COPPER companies are assessing the financial damage they suffered when freak storms dumped half the average annual rainfall on the Arizona desert in only ten days. The region accounts for about 10 per cent of the western world's copper mine production.

The deluge flooded open-pit mines, washed away rail links and diluted the cyanide solutions used to leach metal from ore dumps more usually drenched in sunshine.

Companies said yesterday it might take several weeks to gauge the impact on copper production and add up the extra costs. There are four important copper producers operating in Arizona – Asarco, Cyprus Minerals, Magma Copper and Phelps Dodge – with about 15 mines and three smelters.

Mr David Ridinger, president of the Arizona Mining Association, summed up the situation by pointing out that in an average year the town of Phoenix expected seven inches of rain. In 1992 double that amount fell on the town – in January alone this year there was five inches of rain. "We've been hit by three or four storms and tornadoes which just would not quit," he added.

The usually-dry river bed running through Phoenix was now half a mile wide with 100,000 cubic feet a second of water rushing through. "We've sometimes had an inch of rain in half an hour and this is a desert so there's no vegetation to stop it running.

"Phoenix is not a mining town but miners with property near the river have been more interested in protecting their homes than going to work," said Mr Ridinger.

The mining companies' biggest problem was dealing with the water, he said. Environmental regulations prevented them from simply pumping water out of pits threatened with flooding. It had to be pumped to areas – perhaps disused pits – were it could be contained until it was analysed for any contamination.

Apart from diluting the cyanide solutions sprinkled on the out-door heaps of ore, the rain also washed mud into the so-called pregnant ponds where solutions heavy with metal are stored. This was causing "gunk problems" when the solutions were processed.

Rumours that Asarco's smelter at Hayden had been forced to shut because of the weather conditions were dismissed by the company, which said the plant had been scheduled to close between January 12 and February 17 for routine maintenance.

However, Asarco's Hayden concentrator shut down because the rail line linking it with the Ray mine was flooded. Some metal solution had spilled into the nearby Mineral Creek but tests showed there had been no environmental damage and none was expected in future. Asarco said that in the past ten days there had been 7.5 inches of rain at the Ray mine and in December there had been 6.9 inches. This compared with an average annual precipitation of 17.5 inches.

Magma had to stop production at its Pinto Valley mine, which has an average annual output of 90,000 tonnes of copper, because of flooding. An official said there was at least 26 feet of water in one area. However, Magma's San Manuel mine and associated smelting/refining operations, accounting for about 25 per cent of US copper smelting capacity, were not affected.

An official at Phelps Dodge, the biggest US copper group, said: "We haven't lost any copper, it's just taking longer to get it out". The deluge, however, would increase the group's costs because a Southern Pacific rail link was washed away and material from the Morenci mine was being sent by road to the smelter 100 miles away.

Cyprus was also forced to switch concentrate shipments to trucks because the East Arizona Railways line linked with its Miami smelter was washed away.

A Cyprus official said Arizona producers were swapping copper concentrates with one another to ensure production continued and sales commitments were met.

Tungsten mine closes as market demand collapses

By Kenneth Gooding

A VIRTUAL collapse in demand has forced the closure of one of Europe's two remaining tungsten mines while the other is to cut production and employment by about two-thirds. In 1991 the two mines accounted for about 35 per cent of tungsten production outside the former eastern bloc.

The Mittersill mine in Austria, previously one of the western world's biggest producers with an output of about 1,400 tonnes a year, has been put on a "care and maintenance" basis this month. Mittersill's operating company, Wolfram Bergbau, is a subsidiary of Metallgesellschaft of Germany.

Meanwhile, employees at the Panasqueira mine in northern Portugal, have been told that unless they agree to drastic cuts it would also have to be put on care and maintenance until tungsten prices improve substantially.

Tungsten is a very dense material and has the highest melting point of any metal. Its principal uses are in cemented carbides, alloyed steels, super alloys, electrical and electronic products and armaments.

At the Portuguese mine plans have been made to reduce present annual production of 1,200 tonnes of tungsten contained in concentrate – about 16 per cent of western world output of the metal – to 450 tonnes while the workforce would be reduced from 640 to 260.

Minorco, the Luxembourg-quoted investment arm of the Anglo American Corporation of South Africa, which in October, 1990, paid £14.9m for 80.55 per cent of the mine's operating company, has told unions represented at the mine it wants to complete the changes by the end of March.

China dominates world tungsten production and has frequently been accused of dumping tungsten on western markets.

There are market rumours that Chinese mines are at a standstill because Russia, previously the biggest consumer of the metal and which imported more than 5,000 tonnes a year from China, has stopped buying.

The International Tugsten Industry Association estimates that production outside the former eastern bloc dropped from 7,500 tonnes in 1991 to 6,000 tonnes last year because of recession in many industrialised countries and falling armaments production. Before the Portuguese cuts were announced, it was predicting a further fall in output this year to 5,000 tonnes. Mr Michael Maby, secretary-general of the association, said yesterday: "On paper the market looks in balance but any increase in demand can be supplied by China very cheaply indeed".

Canada considers customs tariffs

By Bernard Simon in Toronto

CANADA HAS made a substantial concession to its partners in the Uruguay round by agreeing to consider replacing production quotas and import controls with customs tariffs to protect dairy, poultry and egg farmers.

Retention of the "supply management" system has been one of Ottawa's most pressing concerns during the Uruguay Round. Government officials insist that customs duties, which could be as high as 300 per cent on some types of cheese, will provide the same degree of protection for farmers as supply management. But the realisation is gradually taking hold that far-reaching reforms – if not the gradual dismantling – of supply-management are inevitable.

Producers have warned that their survival against lower-cost competitors in the US and Mexico depends on the quotas and other controls presently permitted under Article XI of the Gatt. Dairy farmers in Quebec, who make up 40 per cent of the total, exert strong political influence. The government was especially nervous of offending them in the run-up to last October's constitutional referendum. In deference to the dairy lobby, Ottawa has delayed implementing a Gatt finding against curbs on yoghurt and ice cream imports.

Canada has found little support for its view among other Gatt members, and its stance on supply management has made life uncomfortable for the Canadians in the Cairns group of farm-exporting countries. A senior trade official said that backing expected from Switzerland and Japan has not materialised, adding "we cannot impose our views on the rest of the world."

Pressure for change has also come from food processors which are increasingly turning to foreign suppliers for items such as frozen pizzas and butter cookies, which contain dairy products, but less than the 50 per cent which would subject them to import controls. Supply management has kept Canadian food prices unusually high. Processors buy milk for 60 Canadian cents a litre in Ontario; across the Niagara Falls, in New York state, it costs 32 cents. Although Canadian farmers are almost as efficient as their US counterparts, the rules allow them to inflate their costs, for instance, by charging voluntary work done by a teenage son at the same rate as industrial wages in the nearest town.

Analysts downgrade price forecasts as lead and zinc exports surge

By Kenneth Gooding

SHOCKED BY a dramatic surge in exports of lead and zinc from the former eastern bloc countries, some analysts have been revising downwards their price forecasts.

Preliminary estimates yesterday from the International Lead and Zinc Study Group suggested that net imports of lead to the west from the eastern bloc last year nearly tripled, from 49,000 tonnes in 1991 to 130,000 tonnes.

This pushed the lead market in the west into a supply surplus of about 85,000 tonnes compared with a 6,000-tonne deficit in 1991.

On Wednesday the Study Group's statistics showed a similar situation in the zinc market – eastern bloc exports more than doubled last year, causing the supply surplus to rise from 86,000 to 238,000 tonnes. Mr Nick Moore, analyst at Ord Minnett, part of the Westpac banking group, said: "This news is far worse than even pessimistic observers had forecast". He said he was adjusting predictions he made at the end of last year and cutting the average lead price forecast for this year by 11 per cent to 24 US cents a lb. His forecast for 1994 is down 9 per cent to 30 cents. Mr Moore's zinc price forecasts for 1993 and 1994 are cut respectively by 10 per cent and 7 per cent to 51 cents and 65 cents a lb.

The study group said preliminary estimates suggested that mine production of lead last year was down 1.8 per cent to 2.323m tonnes, and refined metal output also fell, 0.4 per cent, to 4.4m tonnes. Lead consumption slipped 0.8 per cent to 4.43m tonnes.

Norway boosted crude oil production by 14% in 1992

By Karen Fossli in Oslo

NORWAY LAST year boosted crude oil production by 14 per cent and gas production by 5 per cent, while adding significant reserves which comfortably exceeded aggregate production, according to a report published yesterday.

Edinburgh-based Wood Mackenzie says Norway's oil production attained a record average level of 2.21m barrels a day over the whole of last year, but surged above 2.3m b/d during the fourth quarter.

Bad weather has forced the closure of the Ninian platform, one of the largest in the UK sector of the North Sea, producing 70,000 barrels a day. Other fields affected include Beryl/Ness, Magnus and North Alwyn. North Sea oil prices rose, with the February contract for Brent crude gaining 15 cents to $17.

Discoveries and reserve upgrades in 1992 reached 1.3bn barrels of oil equivalent, which more than replaced aggregate production of 985m barrels, the report says. Although drilling activity fell 11 per cent to 29 completed wells, ten new discoveries yielding about 27m barrels of oil equivalent per well, representing a success rate of 34 per cent. WoodMac says Statoil, the Norwegian state oil company, made the most significant discovery, of about 250m barrels of oil, but Norsk Hydro drilled more wells. Statoil found the oil in the relatively unexplored Nordland II area of the mid-Norwegian shelf.

Separately, the analyst believes the most sought after acreage in Norway's 14th licensing round is found in the northern North Sea where some of the largest oil discoveries off Norway have been made. Applications for the 50 blocks and part blocks on offer have to be submitted by March 1 and allocation is expected in the third quarter.

"Despite the harsher fiscal terms which were introduced during early 1992, we expect companies to compete aggressively for the acreage made available," WoodMac says.

Ferronickel producer halts second furnace

CERRO MATOSO, one of the world's top ferronickel producers, has frozen plans to build a second furnace at its Colombian refinery because of low world prices, rising production costs and a government proposal to increase royalties, reports Reuter from Bogota.

Mr German del Corral, president of the company, which is 52.3 per cent owned by the Royal Dutch/Shell Group, said the company decided to suspend the $600m project early this month. He explained the decision to suspend the project, which would have nearly doubled production and made it the world's second largest producer of the material, was made after the Ministry of Mines reopened negotiations on royalties and proposed a higher rate.

He said the proposal, which would fix the rate at 15 per cent, rather than gradually increase it from 8 to 16 per cent as output rose, was the last of a combination of factors that rendered the project unfeasible.

"There were many negative factors," he said, citing higher taxes, rising production costs and a widening gap between local inflation and the devaluation of the peso.

The world market price of nickel was also a factor, he added. At $2.70 a lb, it was not worth going ahead with the project.

WORLD COMMODITIES PRICES

MARKET REPORT

The London Metal Exchange's three-months **LEAD** prices fell below a technical support level yesterday to reach the lowest level for 11 months. As bearish fundamentals were underlined by a report from the International Lead and Zinc Study Group (see story above) the price declined £4 to £286.25 a tonne – and the fall would have been twice that but for sterling's weakness against the US dollar. The **COPPER** market was described by traders as featureless and £20 of the three months position's £25 rise to £1,482.25 a tonne was attributable to the currency factor. The **TIN** market's cautious rise continued with the three months position closing $67.50 higher at $6,065 a tonne. But the advance was trimmed in after hours trading, which ended with the price at $6,030 a tonne. Precious metals moved high but failed to break through overhead resistance. **GOLD** closed 50 cents up at $330.05 a tonne while **PLATINUM** was $3 higher at $373.50 a tonne. Gold dealers said they had hoped producers might hold off selling to clear space for gold above $330 an ounce.

Compiled from Reuters

London Markets

SPOT MARKETS

Crude oil (per barrel FOB)(Mar)		+ or -
Dubai	$15.00-5.05	+0.20
Brent Blend (dated)	$16.85-6.95	+0.20
Brent Blend (Mar)	$17.25-7.30	+0.20
W.T.I (1 pm est)	$18.75-8.80	+0.15

Oil products (NWE prompt delivery per tonne CIF		+ or -
Premium Gasoline	$182-184	+1
Gas Oil	$166-168	
Heavy Fuel Oil	$70-71	+1
Naphtha	$172-174	-3
Petroleum Argus Estimates		

Other		+ or -
Gold (per troy oz)♣	$330.05	+0.5
Silver (per troy oz)♣	373.5c	+3
Platinum (per troy oz)	$364.90	+7.15
Palladium (per troy oz)	$111.35	+2.85
Copper (US Producer)	106.5c	
Lead (US Producer)	33.5c	
Tin (Kuala Lumpur market)	15.01r	+0.05
Tin (New York)	275.0c	
Zinc (US Prime Western)	62.0c	
Cattle (live weight)†	117.98p	-0.62*
Sheep (live weight)†♠	85.10p	-4.26*
Pigs (live weight)†	81.30p	+1.93*
London daily sugar (raw)	$215.50	-1.6
London daily sugar (white)	$258.0	+2.0
Tate and Lyle export price	£249.50	+0.5
Barley (English feed)	£135.50u	
Maize (US No. 3 yellow)	£161.75	
Wheat (US Dark Northern)	Unq	
Rubber (Feb)♥	64.25p	
Rubber (Mar)♥	64.75p	
Rubber (KL RSS No 1 Feb)	239.0m	+1
Coconut oil (Philippines)§	$445.0y	-5
Palm Oil (Malaysian)§	$410.0z	
Copra (Philippines)§	$275	
Soyabeans (US)	£175	+2
Cotton "A" index	58.80c	+0.45
Wooltops (64s Super)	388p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb r-ringgit/kg. y-Mar/Apr u-Feb.x-Aug.w-Dec/Jan. z-Jan/Mar. ♥London physical. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.♠Sheep prices are now live weight prices * change from a week ago, provisional prices

SUGAR – London FOX			($ per tonne)
Raw	Close	Previous	High/Low
Mar	189.00	190.00	188.00
May	194.40	194.20	194.00
White	Close	Previous	High/Low
Mar	253.70	253.50	253 70 252.60
May	255.20	255.00	255.10 253.90
Aug	259.20	258.70	258.60 258.00
Oct	244.00	244.50	244.20 242.90

Turnover: Raw 9 (25) lots of 50 tonnes.
White 1403 (2540) Paris- White (FFr per tonne): Mar 1397.66 May 1424.47

CRUDE OIL – IPE			$/barrel
	Latest	Previous	High/Low
Mar	17.28	16.97	17.32 17.00
Apr	17.43	17.15	17 47 17.22
May	17.58	17 30	17.58 17.38
Jun	17.67	17.44	17.70 17.53
Jul	17.67	17.59	17.73 17.66
Aug	17.86	17.86	17.86 17.75
Sep	17.94	17.75	17.94
IPE Index	16.98	17.26	

Turnover 21200 (35506)

GAS OIL – IPE			$/tonne
	Close	Previous	High/Low
Feb	162.25	161.75	162.75 160.75
Mar	162.50	161.50	163.00 160.75
Apr	162.00	161.25	162.25 161.50
May	162.75	162.00	163.00 162.00
Jun	163.00	162.50	164.00 163.00
Jul	165.25	164.75	165.50 164.75
Aug	167.50		167.50

Turnover 11111 (16097) lots of 100 tonnes

FRUIT & VEGETABLES
Grapefruit is this week's best buy reports the FFVIB. White fleshed varieties are at 18-25p each with pink varieties at 25-35p each. Oranges are also a good at 10-15p each along with lemons at 15-25p each and Seville oranges at 35-40p a lb. Apples remain at a stable price of 30-40p for Granny Smith and 45-50p a lb for British Columbia Red Delicious. English carrots are at 18-20p a lb, potatoes are 10-14p a lb, savoy cabbage is 25-35p a lb and English onions are 15-20p a lb. Tomatoes from Spania and the Canary Islands are plentiful this week at 65-75p a lb

COCOA – London FOX			£/tonne
	Close	Previous	High/Low
Mar	730	722	732 722
May	739	732	742 732
Jul	751	743	752 745
Sep	763	756	764 756
Dec	782	774	782 772
Mar	802	796	804 796
May	815	809	817 809
Jul	829	823	829 824
Sep	842		845 834
Dec	865		861

Turnover: 9669 (6288) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Jan 20 771.57 (782.23) 10 day average for Jan 19 760.88 (766.88)

COFFEE – London FOX			$/tonne
	Close	Previous	High/Low
Jan	915	923	920 894
Mar	885	910	903 877
May	885	901	904 880
Jul	879	893	897 875
Sep	890	904	900 886
Nov	902	913	905 900

Turnover:9277 (8832) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Jan 20: Comp. daily 57.07 (56.86) 15 day average 60.63 (61.13)

POTATOES – London FOX			£/tonne
	Close	Previous	High/Low
Apr	61.0	63.0	61.0 61.0
May	71.0	73.0	71.5 71.0

Turnover 10 (20) lots of 20 tonnes.

SOYAMEAL – London FOX			£/tonne
	Close	Previous	High/Low
Apr	155.00	161.50	

Turnover 0 (0) lots of 20 tonnes.

FREIGHT – London FOX			$10/Index point
	Close	Previous	High/Low
Jan	1265	1240	1265
Feb	1275	1245	1275 1270
Mar	1273	1258	1275 1270
Apr	1280	1260	1285 1272
Oct	1340	1330	1340
BFI	1264	1264	1264

Turnover 89 (84)

GRAINS – London FOX			£/tonne
Wheat	Close	Previous	High/Low
Jan	137.25	137.50	137.25 137.00
Mar	137.95	138.50	138.45 137.95
May	139.75	140.15	140.20 139.75
Jun	140.80		140.80
Sep	109.00	108.50	109.00
Nov	111.65	111.15	111 65 111.30
Barley	Close	Previous	High/Low
Mar	133.90	133.35	133.90 133.75
May	134.85	134.75	134.85
Nov	110.50		110.50 110.20

Turnover: Wheat 206 (217). Barley 41 (28).
Turnover lots of 100 Tonnes.

PIGS – London FOX	(Cash Settlement) p/kg		
	Close	Previous	High/Low
Jan	105 0	105.0	104 0

Turnover:4 (9) lots of 3,250 kg

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open Interest
Aluminium, 99.7% purity ($ per tonne)					Total daily turnover 25,254 lots	
Cash	1196-97	1201.5-02.5		1197.5-98.5		
3 months	1218-19	1223-23.5	1223/1216	1219.5-20	1217.5-18	167,339 lots
Copper, Grade A (£ per tonne)					Total daily turnover 27,073 lots	
Cash	1484.5-85.5	1437-38		1454-55		
3 months	1482-82.5	1457-57.5	1482/1472	1474-74.5	1480-81	153,259 lots
Lead (£ per tonne)					Total daily turnover 4,134 lots	
Cash	276-77	279.5-80.5	281.25	281-81.25		
3 months	286-86.5	290-90.5	292/286	291-91.25	287.5-88	18,479 lots
Nickel ($ per tonne)					Total daily turnover 7,103 lots	
Cash	5855-65	5840-50	5895	5890-95		
3 months	5920-25	5905-10	5980/5900	5955-60	5920-25	41,278 lots
Tin ($ per tonne)					Total daily turnover 1,080 lots	
Cash	6000-10	5935-45		5960-65		
3 months	6060-70	5995-6000	6075/6015	6020-25	6030-40	8,237 lots
Zinc, Special High Grade ($ per tonne)					Total daily turnover 9,563 lots	
Cash	1056-57	1055.5-56.5	1055.5	1055.5-56		
3 months	1074.5-75	1074-74.5	1076/1072	1073.5-74	1075-76	67,195 lots

LME Closing £/$ rate:
SPOT: 1.5180 | 3 months: 1.5061 | 6 months: 1.4947 | 9 months: 1.4861

LONDON BULLION MARKET
(Prices supplied by N M Rothschild)

Gold (troy oz)	$ price	£ equivalent
Close	329.90-330.20	
Opening	329.70-330.10	
Morning fix	329.85	215.054
Afternoon fix	329.75	217.542
Day's high	330.10-330.40	
Day's low	329.50-329.80	

Loco Ldn Mean Gold Lending Rates (Vs US$)			
1 month	0.63	6 months	1.86
2 months	0.89	12 months	2.01
3 months	1.15		

Silver fix	p/troy oz	US cts equiv
Spot	243.45	371.60
3 months	247.35	374.30
6 months	251.05	377.40
12 months	258.56	385.00

GOLD COINS

	$ price	£ equivalent
Krugerrand	329.00-332.00	213.00-215.00
Maple leaf	339.60-341.85	-
New Sovereign	78.50-81.50	51.00-53.00

TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	Feb	May	Feb	May
1200	30	61	19	27
1225	18	47	32	38
1250	10	35	49	51
Copper (Grade A)	**Calls**		**Puts**	
2200	56	82	31	58
2250	32	58	57	83
2300	16	40	91	114
Coffee	**Mar**	**May**	**Mar**	**May**
950	6	23	71	88
1000	2	14	117	129
1050		8	165	173
Cocoa	**Mar**	**May**	**Mar**	**May**
650	81	96	1	7
675	59	77	4	13
700	40	59	10	20
Brent Crude	**Mar**	**Apr**	**Mar**	**Apr**
1700	42	67	20	46
1750	16	49	57	64
1800	6	29	100	

New York

GOLD 100 troy oz.; $/troy oz.				
	Close	Previous	High/Low	
Jan	329.2	329.9	329.5	329.5
Feb	329.3	329.8	330.3	328.9
Mar	329.8	330.3	330.1	329.7
Apr	330.2	330.8	331.1	329.6
Jun	331.3	331.9	332.3	331.3
Aug	332.7	333.3	333.2	332.9
Oct	334.1	334.7	0	0
Dec	335.6	336.2	336.0	335.5
Feb	337.4	338.0	0	0

PLATINUM 50 troy oz; $/troy oz.				
	Close	Previous	High/Low	
Jan	365.7	367.6	371.0	367.0
Apr	361.7	363.6	367.5	361.0
Jul	358.9	361.1	364.0	358.5
Oct	357.4	359.6	359.5	359.0
Jan	356.2	358.4	0	0

SILVER 5,000 troy oz; cents/troy oz.				
	Close	Previous	High/Low	
Jan	370.9	372.4	0	0
Feb	371.5	373.0	0	0
Mar	372.3	373.8	375.0	372.0
May	374.8	376.4	378.0	374.5
Jul	377.2	378.8	379.5	377.5
Sep	379.8	381.4	382.0	380.0
Dec	383.9	385.5	386.0	384.0
Jan	384.9	386.5	0	0

HIGH GRADE COPPER 25,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Jan	98.50	98.20	98.90	98.50
Feb	98.75	98.55	98.75	98.75
Mar	99.20	98.85	99.80	99.15
Apr	99.40	99.15		
May	99.60	99.35	100.10	99.50

CRUDE OIL (Light) 42,000 US galls $/barrel				
	Latest	Previous	High/Low	
Mar	18.72	18.50	18.82	18.37
Apr	18.86	18.68	18.97	18.70
May	19.02	18.84	19.10	18.89
Jun	19.16	18.98	19.22	19.04
Jul	19.24	19.07	19.30	19.10
Aug	19.34	19.14	19.35	19.25
Sep	19.38	19.20	19.43	19.32
Oct	19.45	19 24	19.46	19.30
Nov	19.47	19.25	19.48	19.38
Dec	19.44	19.25	19.48	19.37

HEATING OIL 42,000 US galls, cents/US galls				
	Latest	Previous	High/Low	
Feb	51.85	51.88	52.20	51.70
Mar	52.60	52.25	52.90	52.35
Apr	52.85	52.30	52.95	52.45
May	52.65	52.05	52.70	52.20
Jun	52.65	52.00	52.65	52.20
Jul	52.90	52.25	52.90	52.60
Aug	53.55	52.90	53.60	53.30
Sep	54.75	54.05	54.75	54.70
Oct	55.75	54.95	55.75	55.70
Nov	56.80	55.80	56.85	56.50

COCOA 10 tonnes;$/tonnes				
	Close	Previous	High/Low	
Mar	992	1006	1000	987
May	1014	1029	1023	1008
Jul	1035	1048	1040	1030
Sep	1057	1072	1060	1054
Dec	1085	1103	1085	1081
Mar	1115	1132	1116	1110
May	1140	1157	0	0
Jul	1157	1179	1155	1155
Sep	1173	1196	1173	1167
Dec	1207	1226	0	0

COFFEE "C" 37,500lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	64.25	64.50	66.35	63.50
May	69.00	69.36	70.70	68.50
Jul	70.80	71.00	72.50	70.60
Sep	72.50	72.80	73.80	72.50
Dec	75.20	75.50	76.80	75.20
Mar	78.00	77.65	79.40	78.00
May	79.00	78.00	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	8.50	8.54	8.53	8.47
May	8.68	8.73	8.72	8.67
Jul	8.76	8.77	8.78	8.74
Oct	8.70	8.73	8.73	8.67
Mar	8.77	8.78	8.79	8.79
May	8.62	8.66	0	0

COTTON 50,000; cents/lbs				
	Close	Previous	High/Low	
Mar	62.83	62.40	62.90	62.06
May	62.81	62.77	62.90	62.18
Jul	63.46	63.20	63.55	62.63
Oct	62.23	62.28	62.20	61.55
Dec	61.50	61.42	62.00	60.80
Mar	62.25	62.25	62.12	61.75
May	62.50	62.90	0	0
Jul	62.60	63.40	0	0

ORANGE JUICE 15,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Mar	81.50	84.40	84.20	81.10
May	84.50	87.40	87.00	84.20
Jul	86.15	89 40	89.00	86 15
Sep	88.15	89.95	90.50	88.50
Nov	87.00	88.00	90.00	87 75
Jan	88.00	91.30	91.00	91.00
Mar	90.50	91.30	0	0
May	90.50	91.30	0	0

INDICES

REUTERS (Base:September 18 1931 = 100)

Jan.21	Jan.20	mnth ago	yr ago
1706.7	1701.8	1686.9	1604.0

DOW JONES (Base: Dec. 31 1974 = 100)

	Jan.20	Jan.19	mnth ago	yr ago
Spot	124.05	123.75	121.55	115.24
Futures	122.14	122.28	121.98	123.20

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel				
	Close	Previous	High/Low	
Mar	583/2	583/6	584/0	580/4
May	587/0	587/6	587/2	584/2
Jul	591/2	592/6	592/0	588/6
Aug	592/6	594/0	593/0	590/4
Sep	591/6	592/4	592/4	591/0
Nov	597/0	597/6	597/2	594/2
Jan	603/6	605/2	604/0	601/4
Mar	611/0	612/4	611/0	608/4

SOYABEAN OIL 60,000 lbs; cents/lb				
	Close	Previous	High/Low	
Mar	21.59	21 48	21.60	21.38
May	21 81	21.71	21.82	21.89
Jul	22.00	21.91	22.01	21.80
Aug	22.04	21.96	22.04	21.90
Sep	22.05	22.02	22.05	21.93
Oct	22.02	22.04	22.02	21.90
Dec	22.09	22.06	22.09	21.98

SOYABEAN MEAL 100 tons; $/ton				
	Close	Previous	High/Low	
Mar	184.1	185.0	184.5	183.6
May	183.9	184.5	184.3	183.5
Jul	185.2	185.5	185.7	184.7
Aug	185.7	186 0	186.2	185.3
Sep	186.4	186.5	187.0	186.4
Oct	187.4	187.7	187.8	187.2
Dec	188.6	189.2	189.3	188.5

MAIZE 5,000 bu min; cents/56lb bushel				
	Close	Previous	High/Low	
Mar	218/4	218/4	219/2	217/6
May	226/4	226/2	226/6	225/6
Jul	233/2	233/2	234/0	232/6
Sep	239/4	239/0	240/0	238/4
Dec	245/6	244/4	246/2	244/0
Mar	252/4	251/2	252/4	250/6
May	257/4	256/2	257/4	255/4
Dec	248/0	0	250/0	246/0

WHEAT 5,000 bu min; cents/60lb-bushel				
	Close	Previous	High/Low	
Mar	386/2	390/4	391/6	386/6
May	359/2	364/8	364/0	359/4
Jul	332/2	336/6	336/4	332/0
Sep	336/0	340/4	339/4	336/0
Dec	345/0	349/4	349/0	345/0
Mar	350/4	353/0	350/4	350/0

LIVE CATTLE 40,000 lbs; cents/lbs				
	Close	Previous	High/Low	
Feb	79.425	80.450	80.475	79.275
Apr	77.950	78.825	78.925	77.800
Jun	73.200	73.675	73.650	73.075
Aug	71.600	71.875	72.075	71.500
Oct	72.150	72.375	72.650	72.050
Dec	72.500	72.650	72.900	72.500
Feb	79.425	80.450	80.475	79.275

LIVE HOGS 40,000 lb; cents/lbs				
	Close	Previous	High/Low	
Feb	43.300	44.025	43.850	43.150
Apr	43.300	43.675	43.650	43.000
Jun	47.825	48.275	48.300	47.675
Jul	47.350	47.650	47.700	47.250
Aug	45.425	45 850	45.800	45.200
Oct	41 500	41.850	41.650	41.400
Dec	42.475	42.850	42.600	42.400
Feb	42 900	43.150	43.150	42.900

PORK BELLIES 40,000 lbs; cents/lb				
	Close	Previous	High/Low	
Feb	36 575	35.850	36.750	35.950
Mar	36.850	36.475	37.100	36.400
May	38.000	37.750	38.250	37.550
Jul	38.375	37.675	38.375	37.600
Aug	36.950	36.650	36.950	36.050

LONDON STOCK EXCHANGE

Interest rate hopes drive share prices

By Terry Byland, UK Stock Market Editor

BAD NEWS on the real economy proved no hindrance to stock market optimists yesterday, who quickly switched direction towards confidence that the UK government will be forced to cut domestic interest rates much sooner than expected. Share prices brushed off early uncertainty to advance by 24 points on the FT-SE 100 scale, ignoring late weakness in sterling which was seen as a move before a possible cut in UK rates.

The turning point in a sluggish market came after disclosure of a significantly greater jump in UK December unemployment than expected and a similarly disappointing fall in manufacturing output in November. The absence of any move in German rates following yesterday's meeting at the Bundesbank was soon forgotten in London.

All the investment hopes based on the UK was recovering from recession, a view already disturbed by this week's news of poor Christmas retail sales, were hurriedly replaced by arguments that the economy was now so bad that the government would be forced to deliver another rate reduction immediately.

"Instead of one large cut in base rates at Budget time, the market now expects two half-point cuts soon – the first, perhaps, in early February," commented Mr Ian Harnett at Strauss Turnbull.

The Footsie advanced strongly in the second half of the session, and trading volume also increased. At the final reading, the FT-SE Index was 24.6 ahead at 2,773.3, effectively the best level of the day. Seaq-reported volume jumped to 701.3m shares from Wednesday's 599.4m; retail business remained high on Wednesday, with a worth of £1.33bn comparing favourably with the daily averages of the past three months.

London largely ignored international factors yesterday, including the latest allied raid against Iraq and Wall Street's sluggish performance on the first full day of the Clinton presidency: the Dow Industrial Average was barely changed from overnight in London trading hours.

The sudden reversal to more wide-ranging domestic factors in the London stock market was reflected in a sharper rise in the FT-SE Index stocks than in the second-liners; the FT-SE Mid 250 Index added only 9.3 points yesterday.

Some analysts suggested that yesterday's relatively firm trend in the stock market against a generally weak economic background underlined optimism for a recovery in the UK economy later in the year. Strategists believe that any rate move might come in the middle of next week, when a suitable opening in the bond funding timetable will appear.

Technical factors were also helpful, if perhaps only in the short term. Fears of a large rights issue, specifically from the pharmaceuticals sector, continued to recede, although many analysts warned that pressures from both equity and bond funding were likely to persist this year.

At least one very large trading programme moved through the stock market at mid-session and investment confidence was also encouraged by a handful of corporate deals. Shares in ICI, still unsettled as the market awaits news on the planned demerger of the bioscience divisions, advanced on a two-way deal with BASF, the German chemicals group.

TRADING VOLUME IN MAJOR STOCKS

	Volume 000's	Closing Price	Day's change
ADT	1	493	+5
ASDA Group	15,000	65½	+½
Abbey National	7,100	360	+8½
Albert Fisher	2,000	69	
Allied-Lyons	2,300	598	+6
Amstrad	2,000	24½	+1
Anglian Water	1,900	462	−7
Argos	2,300	283	+4
Argyll Group	1,800	385	−3
Arjo Wiggins	3,200	151	+5
Ass. Brit. Foods	683	485	−9
Ass. Brit. Ports	92	360	
BAA	1,500	788	+5
BAT Inds.	1,800	868	−2
BET	2,100	99	+1
BICC	1,000	338	−8
BOC	732	748	+1
BP	13,000	231	+½
BPB Inds.	1,500	185	−7
BT	8,300	377	−3½
BT New	5,000	271½	−3½
BTR	2,400	539	+4
Bank of Scotland	4,800	128	+4
Barclays	8,800	412	+16
Bass	4,200	595	+13
Berisford Int.	521	26½	+½
Blue Circle	5,400	205	+3
Booker	2,000	422	+9
Boots	2,800	517	+7
Bowater	1,400	468	−3
Brit. Aerospace	7,300	210	+8
British Airways	5,000	265	−2
British Gas	6,700	287	+1
British Land	119	180	
British Steel	2,800	63½	−1
Bunzl	634	123	+1
Burmah Castrol	836	683	
Burton	20,000	71½	−1½
Cable & Wire.	2,300	721	+1
Cadbury Schweppes	2,800	472	+4
Calor Group	38	229	
Carlton Comms.	830	808	−4
Coats Viyella	3,000	214	

	Volume 000's	Closing Price	Day's change
Comm. Union	634	516	
Cookson	428	199	+2
Courtaulds	1,200	545	+8
Dalgety	648	482	
De La Rue	718	871	+2
Dixons	4,200	226	+2
Eastern Elect.	654	417	−4
East Midland Elect.	829	417	−4
Eng China Clays	783	456	
Enterprise Oil	851	411	+7
Eurotunnel Units	288	396	+11
FKI	808	111	
Fisons	1,100	229	+7
Forte	9,800	178	−5
Gen. Accident	783	579	+14
General Elect.	2,700	257	−1½
Glaxo	4,700	717	+15
Glynwed Int.	969	255	−2
Granada	2,800	359	+11
Grand Met.	6,200	440	+15
GUS A	631	1590	+5
GRE	3,200	170	+6
GKN	1,800	452	−3
Guinness	1,900	470	+5
HSBC (75p shs)	11,800	550	+23
Hammerson 'A'	1,000	258	+4
Hanson	5,500	239	+3
Hanson Warrants	1,700	25¼	+½
Harrisons Crosfield	1,200	155	+1
Hillsdown	4,200	149	+2
IMI	645	257	+5
ICI	2,800	1123	+26
Inchcape	1,700	536	−1
Kingfisher	1,200	542	+2
Kwik Save	388	806	+12
Ladbroke	4,600	195	+2
Land Securities	1,300	449	+3
Laporte	544	625	+2
Legal & General	1,500	433	
Lloyds Abbey	2,300	437	+9
Lloyds Bank	2,500	488	
LASMO	1,800	146	
London Elect.	952	442	−2

	Volume 000's	Closing Price	Day's change
Lonrho	640	74	+½
Lucas	1,700	139	−1½
MB Caradon	1,800	283	+8
MEPC	683	383	+7
Manweb	111	490	−4
Marks & Spencer	12,000	322	+5
Midlands Elect.	165	480	−8
Morrison (Wm.)	744	186	−1
NFC	1,800	264	−3
NatWest Bank	8,880	426	+11
National Power	3,700	290	+5
Next	379	150	
North West Water	2,600	438	−4
Northern Elect.	479	485	−9
Northern Foods	848	284	−3
Norweb	1,800	471	−9
Pearson	747	370	+11
P & O	1,400	532	−1
Pilkington	1,000	100	−1
PowerGen	2,800	294	+2
Prudential	3,600	300	+7
RMC	325	569	+2
RTZ	1,500	657	+12
Racal	2,800	178	+3
Rank Org.	1,500	720	+6
Reckitt & Colman	410	683	+3
Redland	1,700	445	+10
Reed Intl.	1,100	626	+3
Rentokil	730	217	+1
Reuters	1,300	1330	−24
Rolls Royce	6,700	116½	−3
Rothmans	688	897	
Ryl Bk Scotland	3,800	222	+8
Royal Insurance	1,400	282	+5
Saatchi	165	165	−3
Sainsbury	1,600	558	−3
Scottish & New.	816	443	
Scot. Hydro-Elect.	3,600	230	+4
Scottish Power	1,800	222	+4
Sears	6,700	102	+1
Sedgwick	2,400	173	+1
Seeboard	605	455	−11
Severn Trent Water	2,500	445	

	Volume 000's	Closing Price	Day's change
Shell Transport	5,800	522	+4
Siebe	474	437	+1
Slough Ests	163	154	
Smith (W.H.) A	380	445	
Smith & Nephew	2,700	157	+½
SmKl Beecham	3,900	595	+9
SmKl Beecham Uts.	2,700	445	+13
Smiths Inds.	602	372	−3
Southern Elect.	315	440	−6
South Wales Elect.	336	508	−7
South West Water	1,300	477	−3
South West. Elect.	590	448	−4
Southern Water	655	459	+1
Standard Chartd.	2,200	636	+6
Storehouse	3,300	215	+2
Sun Alliance	1,300	333	+7
T&N	1,500	173	−4
TI Group	2,200	300	+1
TSB	6,000	184	−2
Tarmac	2,700	105	
Tate & Lyle	1,500	389	−3
Taylor Woodrow	2,800	70	−1
Tesco	8,000	253	−4
Thames Water	3,100	472	−7
Thorn EMI	1,500	834	−12
Tomkins	3,700	282	+4
Trafalgar House	2,800	92	+3½
Unigate	314	339	+3
Unilever	1,100	1108	+10
United Biscuits	2,100	356	+2
Utd. Newspapers	282	500	
Vodafone	6,100	389	+1
Warburg (SG)	407	551	+1
Wellcome	2,200	930	+17
Welsh Water	344	515	−8
Wessex Water	312	576	−6
Whitbread 'A'	780	445	−7
Williams Hldgs.	1,400	341	+7
Willis Corroon	1,900	189	+5
Wimpey	808	118	+4
Wolseley	1,400	540	+7
Yorkshire Elect.	359	490	−8
Yorkshire Water	471	511	−1

Based on the trading volume for a selection of Alpha securities dealt through the SEAQ system yesterday until 4.30pm. Trades of one million or more are rounded down.

Account Dealing Dates

*First Dealings:		
Jan 4	Jan 18	Feb 1
Option Declarations:		
Jan 14	Jan 28	Feb 11
Last Dealings:		
Jan 15	Jan 29	Feb 12
Account Day:		
Jan 25	Feb 8	Feb 22

*New time dealings may take place from 8.30am two business days earlier.

German deal lifts ICI

SHARES in ICI rose 26 to 1123p as news that the chemical and pharmaceuticals giant plans to swap plastics businesses with BASF, of Germany, gave a boost to fund manager enthusiasm.

A number of analysts are broadly cautious about ICI ahead of its proposal to split its pharmaceuticals and chemicals divisions. However, institutions have begun to buy the stock for its cyclical attractions. Mr Charles Lambert, chemicals analyst with Smith New Court who has taken a very bearish view of the stock, said the exchange would be beneficial, and although the market had expected ICI to sell its polypropylene business the swap for BASF's acrylics arm was an added benefit.

However, he argued that yesterday's share move was not justified by the news and that significant doubts remained over the demerger proposals. "Quite clearly if they are going to do it within the proposed time scale it would definitely necessitate a rights issue of £500m minimum," he said.

Under the swap, BASF will get ICI's west European polypropylene business, while ICI will get BASF's west European production of acrylics – best known in its use as Perspex. ICI rose 26 to 1123p on the news.

Bass pleases

Relief at the Bass trading statement sent the shares higher yesterday, although the market remained firmly divided over the prospects for the group. The agm statement was cautious but not as gloomy as many analysts had predicted. The brewing and leisure group said that while market conditions were tough and the outlook in brewing remained uncertain, there were areas of improvement.

Kleinwort Benson shaved its forecasts and remained a seller continuing to argue that "the outlook is less than rosy in terms of domestic consumer recovery." NatWest Securities, was more positive, changing from a sell to a hold on the belief that the recent fall in the shares was overdone. Meanwhile, BZW believes that in spite of the sluggish recovery picture, Bass is well placed in its key businesses to benefit from an early stage, while other earnings gains this year will come from cost-cutting.

One other leading house was also said to be recommending a switch from Whitbread into Bass. The latter rose 13 to 595p in turnover of 4.1m. Whitbread declined 7 to 445p.

Forte worries

Hotel group Forte weakened as word leaked into the market that one house had turned bearish after meeting with the hotel group and was forecasting a dividend cut. Such concerns have hit Forte before with fears of the stock already predicting a reduced dividend – NatWest Securities has suggested Forte may have to reduce from 9.9p to 6.5p. However, so far most other brokers have kept to a held dividend forecast. The shares fell 5 to 178p in large turnover of 9m.

Banks strong

Most of the banks were strong performers as they benefited from growing hopes that interest rates would be cut shortly. The market also decided that, having weathered the worst of the recession, they are well positioned for recovery compared with their European rivals.

Barclays rose 16 to 412p and National Westminster, in spite of recommendations to switch out of the stock, improved 11 to 426p. Old bid candidate Royal Bank of Scotland gained 8 at 222p and Abbey National shrugged off a recent negative note from UBS Phillips & Drew to add 8½ at 360p. The rise and rise of HSBC continued, the ordinaries climbing 23 to 550p and the Hong Kong registered 22½ to 532p. Turnover was generally heavy.

Meanwhile, the bid fever that had prompted the sharp rise of Standard Chartered appeared to die down. The shares were 24 higher at one stage but were then sold down to close only 6 ahead at 636p.

Brent Walker, 2¼ ahead at 13p, and Ladbroke up 2 at 195p continued to benefit from the prospect of longer betting shop hours. Granada was in demand as talk of a 25 per cent hike in the price paid for each Coronation Street episode lifted the shares. They closed 11 better at 359p. Euro Disney added 7 at 780p after announcing a tie-up with Air France.

Better sales but at the expense of lower margins led to weakness in Burton, which became the latest retail group to present a cautious picture of recovery. The group said it had yet to detect any convincing signs of economic revival. While pre-Christmas sales growth was some 12 per cent ahead, margins declined around 2¼ per cent. Many analysts reined in their forecasts, coming down from £30 to £33m down to around £26m for this year. The shares rallied to close 1¼ off at 70¼p.

Talk of downgrades at Associated British Foods sent the shares tumbling 9 to 485p. Revived suggestions that Dairy Farm might bid for Kwik Save circulated, the shares adding 12 to 806p.

Regulatory worries were again in evidence in the water stocks, with Credit Lyonnais Laing suggesting that the effect of official intervention could be much more costly than at first thought. Among those hardest hit, Anglian fell 7 to 462p, Thames 7 to 472p and Wessex 6 to 476p.

Food and drinks group Grand Metropolitan gained 15 to 440p as a big buyer was seen early on with further interest being prompted by a strong buy note from Kleinwort Benson. After meeting the company, the house argues that with half Grand Met's profits coming from the US it will be an early beneficiary of recovery there. The shares' recent underperformance also make them attractive, it is argued.

British Gas was held down to a gain of only a penny at 287p as the company announced a £70m restructuring programme.

Insurer Sun Alliance added 7 at 333p what one analyst described as "better end of average" new business figures. Sun's 1992 world-wide new premium income for life and pension business was up 50 per cent to £744m from £475m.

An overnight surge in the drug sector on Wall Street helped push up UK drug shares. Glaxo rose 15 to 717p and Wellcome 17 to 930p.

Selling of Reuters Holdings continued ahead of the forthcoming figures and the shares fell 24 to 1330p.

The deal with Taiwan Aerospace announced earlier in the week continued to boost British Aerospace and the shares added another 8 at 210p in heavy trade of 7.3m. Kleinwort Benson favours the stock. Profit-taking in Rolls-Royce caused the shares to relinquish 3 to 116½p. Volume reached 6.7m.

Bargain-hunters lifted Charter Consolidated and Johnson Matthey. The former jumped 20 to 589p, while the latter gained 9 to 489p. The strong market trend helped IMI shrug off the recent Smith New Court sell recommendation. The shares improved 5 to 257p.

News of the $300m dollar deal between British Airways and USAir came shortly after the market close and had no effect on the days trading. The shares gave up 3 to 265p, having traded on as the market awaited the outcome of yesterday's board meeting which discussed an internal inquiry into the "dirty tricks" campaign against Virgin Atlantic.

Elsewhere in the transport sector, NFC gave up 3 to 264p, amid talk that it would soon announce a disposal to a US group. An analysts visit to Ocean Group benefited the shares and they moved 15 ahead to 288p, though it was a squeeze which sent BAA 5 forward to 788p.

Textile group Coats Viyella paused for breath following a rise on the back of an in-depth BZW buy note. The shares were steady at 214p as the house textiles analysts travelled to Scotland to speak to institutions.

Consumer credit group First National Finance Corporation firmed 5 to 76p as one institution bought a line of stock.

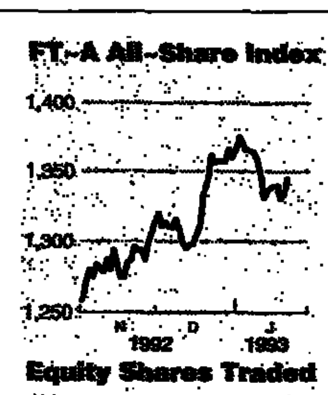
Interior decoration group Colefax & Fowler fell 5 to 33p as it recorded a six month loss of £192,000.

Advertising agency More O'Ferrall jumped 10 to 210p as investors bought for the dividend ahead of figures in March.

MARKET REPORTERS:
Christopher Price,
Joel Kibazo,
Peter John.

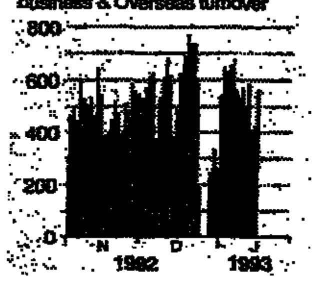
■ Other market statistics, Page 16

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million). Excluding: intra-market business & Overseas turnover



NEW HIGHS AND LOWS FOR 1992/93

NEW HIGHS (101).
AMERICANS (4) California Energy, Citicorp, Rockwell, Sear Roebuck, BANKS (5) ABN Amro, Barclays, NatWest, Ryl. Bk. Scotland, Standard Chartered, BLDG MATLS (2) Anglian, Kalon, BUSINESS SERVS (4) BPP, ISS-Intl., Penna, Time Products, CHEMS (2) Halstead (J), Hoechst, CONGLOMERATES (2) Amer Grp. A, Wassall, ELECTRICALS (1) Menvier-Swain, ELECTRONICS (9) Admiral, Cray, Eurotherm, Hoskyns, Micro Focus, Multitone, Scantronic, Telemetrix, Tunstall, ENG GEN (4) Carclo, Concentric, Senior, Weir. FOOD MANUF (1) Finlay (J). FOOD RETAILING (2) ASDA, Shoprite, HEALTH & HSEHOLD (5) Amersham, Assoc. Nursing Servs., Seepak, ML Labrs., Seton Healthcare, INSCE COMPOSITE (2) AEGON, Allianz, INSCE LIFE (2) Refuge, Utd. Friendly, INV TRUSTS (38) Abtrust New Thai, Do Wts., BZW Convertible, Do Units '98-02, City of Oxford Zero Pf., Consld. Venture, EFM Dragon, Do Wts., Flmg. Emrg. Mkts., Gartmore European, Govett Oriental, Group Devlpt. Cap., Hong Kong Wts., I & S Optimum Inc. Zero Pf., Mezzanine Capital, Do Cap. & Inc., Murray Enterprise, Paribas French, SHIRESCOT, Second Market, Siam Selct. Gwth., TR Far East Inc., TR Pacific, TR Tech. Stppd. Pf., Throg. 1000 Smllr. Cos., US Smllr. Cos., Value & Income, Venturi Capital Index, Do Geared, MEDIA (3) Close Bros., Hambros 7½pc Pf., Schroders, MERCHANT BANKS (1) Singer & Friedlander, MTL & MTL FORMING (1) Tinsley (E). MISC (1) Chemring, OIL & GAS (1) Pitencrief, OTHER FINCL (5) FNFC 6.3pc Pf., London Scot. Bank, Perpetual, Prov. Financial, Secure, OTHER INDLS (3) Charter Consld., Morgan Crucible 7½pc Pf., Vinten, PACKG, PAPER & PRINTG (1) Carnaud Metalbox, STORES (4) Betterware, French Connection, Storehouse, The Rack, TELE NETWORKS (3) Cable & Wireless 7pc '08, GN Great Nordic, Telefonica, TEXTS (1) Yorklyde, TRANSPORT (3) Dawsongroup, P & O 5¼pc Pf., Tibbett & Britten, WATER (1) Cheam.
NEW LOWS (9).
BLDG MATLS (1) Kalon, BUSINESS SERVS (1) Prime People, INV TRUSTS (1) German Smllr. Cos Wts., MISC (3) Flagstone, Hornby, Portmeirion Potts., PROP (1) Eng. & Overseas, TEXTS (1) Pope, MINES (1) Metana Minerals.

EQUITY FUTURES AND OPTIONS TRADING

A CLUTCH of poor economic data led to hopes of a cut in interest rates which drove stock index futures sharply forward, writes Joel Kibazo.

Having opened at 2,764, the March contract on the FT-SE was sold down to 2,753 within the first half-an-hour of the opening. However, bargain hunting helped the contract recover and it was trading at 2,765 by 11.30am when the economic statistics, particularly the poor jobless figures, led to speculation that the UK government would soon be forced to reduce interest rates.

The talk led to greater momentum for March as the gilts and short sterling also put in a good performance and the day's high of 2,790 was reached just before the close.

March finished at 2,788, up 29 from the previous session and about 6 points ahead of its fair value premium to cash of around 8. Volume was 8,482 lots. Dealers said March continued to move forward in after-hours' trading.

Turnover in traded options improved for a second day, reaching 34,917 lots. Around a third of the total was composed of trades in index options, with 11,880 contracts recorded in the FT-SE 100 option and 965 lots in the Euro FT-SE 100 Index option.

British Airways was the busiest stock option with a total of 2,652 lots dealt and was followed by Ladbrokes with 2,078 contracts. Hillsdown, British Aerospace and Asda were also active.

FINANCIAL TIMES EQUITY INDICES

	Jan 21	Jan 20	Jan 19	Jan 18	Jan 15	Year ago	High	Low
Ordinary share	2143.7	2133.9	2124.7	2140.5	2138.6	1963.5	2209.9	1670.0
Ord. div. yield	4.39	4.41	4.42	4.39	4.39	4.67	5.34	4.23
Earning yld % full	6.03	6.06	6.07	6.03	6.03	7.00	-	-
P/E ratio net	21.14	21.04	21.00	21.16	21.16	17.95	21.93	15.79
P/E ratio nil	19.53	19.43	19.40	19.55	19.55	16.94	-	-
Gold Mines	61.8	60.0	60.2	61.3	62.2	154.7	160.6	60.0

*for 1992/93. Ordinary share index since compilation: high 2209.9 4/1/93 - low 49.4 26/6/40
Gold Mines Index since compilation high: 734.7 15/2/83- low 43.5 26/10/71
Basis Ordinary share 1/7/35; Gold Mines 12/9/55.

Ordinary Share hourly changes

Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.00	High	Low
2136.5	2133.5	2141.4	2137.3	2141.1	2145.5	2145.6	2145.2	2143.9	2146.7	2133.3

Volume	Jan 21	Jan 20	Jan 19	Jan 18	Jan 15	Year ago
SEAQ Bargains	30,496	27,269	26,834	26,754	31,846	27,489
Equity Turnover(£m)†	-	1328.6	1113.4	899.7	1192.8	1058.8
Equity Bargains†	-	38,427	29,951	35,486	38,305	26,588
Shares traded (mil)†	-	586.3	434.6	415.0	593.2	464.2

† Excluding intra-market business and overseas turnover.

London report and latest Share Index
Tel. 0891 123001. Calls charged at 36p/minute cheap rate. 48p at all other times.

FT-SE Actuaries Share Indices — THE UK SERIES

FT-SE 100	FT-SE MID 250	FT-A ALL-SHARE
2773.3 +24.6	2899.2 +9.3	1344.64 +10.06

	Jan 21	Day's change %	Jan 20	Jan 19	Jan 18	Year ago	Earnings yield %	Dividend yield %	P/E Ratio	Xd adj ytd
FT-SE 100	2773.3	+0.9	2748.7	2737.8	2763.1	2525.3	6.40	4.41	20.07	3.43
FT-SE Mid 250	2899.2	+0.3	2889.9	2885.9	2895.7	2437.3	7.18	4.46	17.61	5.18
FT-SE-A 350	1363.8	+0.8	1353.4	1348.7	1359.5	1221.4	6.57	4.42	19.49	1.85
FT-SE SmallCap	1431.74	+0.4	1425.93	1426.02	1423.92	–	–	4.46	–	1.89
FT-SE SmallCap ex Inv Trusts	1442.89	+0.4	1437.49	1437.27	1434.49	–	6.37	4.72	22.47	1.77
FT-A ALL-SHARE	1344.64	+0.8	1334.58	1330.19	1340.25	1207.29	–	4.42	–	1.82
1 CAPITAL GOODS(211)	878.58	+0.5	874.11	871.72	877.82	781.57	6.43	4.90	20.35	1.27
2 Building Materials(27)	898.23	+0.6	892.56	895.07	903.58	942.99	5.69	6.01	25.05	0.77
3 Contracting, Construction(29)	720.61	+0.6	716.61	719.41	726.13	861.58	3.57	6.75	80.00†	0.20
4 Electricals(14)	2576.89	−1.1	2604.88	2610.86	2597.57	2505.71	8.28	5.63	20.91	1.02
5 Electronics(35)	2321.58	−0.1	2323.56	2318.97	2304.14	1720.32	6.79	3.57	18.63	13.48
6 Engineering-Aerospace(7)	317.07	−0.2	317.84	312.24	306.08	334.31	11.17	7.40	11.41	0.00
7 Engineering-General(52)	524.04	+0.7	520.19	521.57	523.38	485.58	7.71	4.54	16.59	0.98
8 Metals & Metal Forming(11)	333.31	−0.1	333.48	323.98	329.94	326.09	5.23	3.97	27.32	0.14
9 Motors(18)	382.98	−0.3	384.25	383.34	387.55	300.00	5.15	6.12	28.64	0.00
10 Other Industrials(18)	1980.09	+1.2	1957.13	1948.15	1981.20	1615.32	6.28	4.29	19.33	0.39
21 CONSUMER GROUP(232)	1715.45	+0.8	1701.43	1696.57	1709.96	1626.62	6.81	3.43	18.26	2.65
22 Brewers and Distillers(28)	1962.37	+1.5	1933.76	1945.10	1947.74	2055.45	8.52	3.86	14.22	10.14
25 Food Manufacturing(22)	1350.64	+0.5	1344.35	1341.18	1338.47	1223.51	7.79	3.86	16.05	1.46
26 Food Retailing(18)	3330.28	−0.5	3348.38	3347.42	3374.39	2434.01	7.74	3.05	16.81	0.41
27 Health & Household(29)	4075.74	+1.8	4004.36	3971.67	4032.80	4434.50	5.46	2.78	21.33	0.54
29 Hotels and Leisure(20)	1295.77	—	1295.15	1282.18	1289.29	1268.60	6.48	5.32	20.30	6.25
30 Media(33)	1815.38	−0.1	1817.30	1823.75	1834.72	1462.02	5.60	2.86	22.26	0.94
31 Packaging and Paper(23)	788.09	+0.5	784.48	781.28	788.39	751.85	6.79	4.12	18.18	0.21
34 Stores(39)	1117.78	+1.0	1107.16	1098.67	1113.88	1005.02	6.45	3.24	20.58	0.98
35 Textiles(20)	747.91	−0.1	748.33	749.04	746.75	611.24	6.59	4.24	19.23	0.00
40 OTHER GROUPS(143)	1424.90	+0.2	1422.26	1422.06	1435.17	1197.12	8.60	4.87	14.32	3.04
41 Business Services(27)	1551.61	+0.2	1548.02	1555.09	1565.50	1386.02	5.78	3.32	21.34	0.14
42 Chemicals(24)	1449.34	+1.4	1429.06	1434.25	1442.96	1457.60	6.32	5.05	19.93	0.30
43 Conglomerates(11)	1424.83	+1.4	1404.76	1398.82	1409.17	1340.70	7.47	7.49	15.28	1.63
44 Transport(16)	2775.67	+0.4	2765.23	2736.60	2738.14	2435.67	8.12	4.28	14.82	1.04
45 Electricity(16)	1553.52	—	1553.47	1555.07	1576.79	1144.20	13.95	4.89	9.21	16.54
46 Telephone Networks(4)	1609.91	−0.5	1618.76	1613.59	1638.68	1358.04	8.28	4.25	15.71	1.56
47 Water(13)	3147.09	−0.8	3173.45	3209.14	3233.23	2254.74	14.52	5.63	7.65	11.83
48 Miscellaneous(32)	2447.69	−0.2	2451.88	2459.59	2475.33	1802.08	5.91	4.20	20.97	0.36
49 INDUSTRIAL GROUP(686)	1416.34	+0.6	1408.56	1405.86	1417.38	1278.15	7.35	4.17	17.00	2.45
51 Oil & Gas(18)	2128.93	+0.5	2117.89	2107.67	2116.66	2176.50	6.27	6.09	20.96	0.00
59 "500" SHARE INDEX(604)	1485.69	+0.5	1477.57	1474.32	1485.82	1358.54	7.24	4.36	17.32	2.31
61 FINANCIAL GROUP(89)	903.00	+2.0	885.22	875.56	882.39	723.37	3.03	5.01	70.87	0.08
62 Banks(9)	1248.82	+2.7	1215.94	1195.48	1201.65	865.31	4.83	4.73	31.30	0.00
65 Insurance (Life)(6)	1799.51	+1.6	1771.32	1769.87	1783.83	1434.28	2.81	5.05	62.69	0.00
66 Insurance (Composite)(7)	632.01	+1.8	620.84	617.22	629.74	508.10	‡	4.77	‡	0.00
67 Insurance Brokers(10)	791.86	+1.1	783.51	782.37	786.09	1020.75	7.66	6.74	17.55	0.00
68 Merchant Banks(6)	523.41	+0.5	520.56	518.93	520.90	458.52	8.17	4.36	18.10	0.00
69 Property(26)	646.27	+0.4	643.70	639.79	641.17	785.38	8.69	6.55	14.90	0.82
70 Other Financial(23)	303.42	+0.2	302.93	302.70	303.18	240.38	7.14	5.56	18.43	0.05
71 Investment Trusts(107)	1331.25	+0.7	1322.64	1325.10	1324.43	1184.45	–	3.16	–	2.07
99 FT-A ALL-SHARE(800)	1344.64	+0.8	1334.58	1330.19	1340.25	1207.29	–	4.42	–	1.82

Hourly movements

	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	High/day	Low/day
FT-SE 100	2751.7	2745.9	2758.9	2753.6	2762.3	2768.6	2768.1	2771.5	2773.6	2773.7	2745.5
FT-SE Mid 250	2891.9	2890.8	2894.5	2891.2	2892.7	2895.9	2895.3	2896.7	2898.6	2899.3	2890.1
FT-SE-A 350	1354.8	1352.4	1357.8	1355.4	1358.9	1361.7	1361.5	1362.9	1363.9	1364.0	1352.3

Gross dividend yield (ACT at 25%) FT-SE 100:4.41%

FT-SE Actuaries 350 Industry Baskets

Hourly	Open	9.00	10.00	11.00	12.00	13.00	14.00	15.00	16.10	Close	Previous close	change
Constrcn	1412.6	1413.2	1414.5	1419.4	1420.8	1422.6	1420.2	1419.8	1420.1	1420.1	1410.7	+9.4
Health&H	1209.7	1213.3	1226.4	1220.7	1226.9	1231.5	1228.9	1229.2	1230.1	1229.3	1207.3	+22.0
Water	1313.1	1304.7	1308.1	1293.4	1294.3	1294.5	1291.7	1291.7	1299.8	1299.8	1311.3	-11.5
Banks	1478.7	1475.1	1485.0	1481.8	1490.3	1500.8	1500.7	1510.8	1517.7	1517.3	1477.3	+40.0

Additional information on the FT-SE Actuaries Share Indices is published in Saturday issues. Lists of constituents are available from The Financial Times Limited, One Southwark Bridge, London SE1 9HL. The FT-SE Actuaries Share Indices Service, which covers a range of electronic and paper-based products relating to these indices, is available from FINSTAT at the same address.
The increase in the size of the FT-Actuaries All-Share Index from January 4 1993 means that the FT 500 now contains more stocks. It has been renamed the FT "500". † Sector P/E ratios greater than 80 are not shown. ‡ Values are negative.
The FT-SE 100, the FT-SE Mid 250 and the FT-SE Actuaries 350 indices are compiled by the London Stock Exchange and the FT-Actuaries All-Share Index is compiled by The Financial Times Limited, both in conjunction with the Institute of Actuaries and the Faculty of Actuaries under a standard set of ground rules.
The FT-SE Actuaries Share Indices are audited by The WM Company.

LONDON SHARE SERVICE

BRITISH FUNDS

Notes	Price £	+ or –	1992/93 high	low	Yield Int.	Red.
"Shorts" (Lives up to Five Years)						
Treas 8¼pc 1993	100½	—	100½	97¾	8.25	6.77
10pc 1993‡‡	100¾	—	101½	99½	9.93	6.54
12½pc 1993‡‡	102½	—	104⅛	100½	12.14	6.21
Funding 6pc 1993‡‡	99½	—	100	95⅜	6.01	6.24
Treas 13¾pc 1993‡‡	106½	—	107⅞	103⅛	12.98	6.24
8½pc 1994	102¼xd	+⅛	102½	96¼	8.31	6.19
14½pc 1994‡‡	108⅝	+⅛	110⅛	104½	13.35	6.27
Exch 13½pc 1994	108½	+⅛	110½	103½	12.44	6.32
Treas. 10pc Ln. 1994‡‡	104½	+⅛	105½	98½	9.54	6.23
Exch 12½pc 1994	109⅛xd	+⅛	110⅛	103⅛	11.45	6.35
Treas 9pc 1994‡‡	104½	+⅛	104½	98⅝	8.61	6.30
12pc 1995	110¼xd	+⅛	111⅛	102½	10.88	6.45
Exch 3pc Gas 90-95	95½	—	95½	88¼	3.14	5.21
10¼pc 1995	108½	+⅛	108⅛	99½	9.45	6.50
Treas 12¾pc 1995‡‡	115½	+⅛	116½	106¼	11.04	6.60
14pc 1996	118½	+½	119½	109½	11.79	6.97
9pc 1992-96‡‡	103⅛xd		104½	96½	8.99	7.07
15¼pc 1996‡‡	123⅝	+⅛	125¼	113½	12.34	7.04
Exch 13¼pc 1996‡‡	118⅛	+⅛	119⅛	108	11.22	7.03
Conversion 10pc 1996	110	+⅛	110½	99½	9.09	6.94
Treas 13¼pc 1997‡‡	120½	+½	121½	109½	10.98	7.19
Exch 10½pc 1997	111½xd	+½	112⅞	100½	9.39	7.07
Treas 8¾pc 1997‡‡	106⅛	+⅛	107½	94	8.21	7.04
8¾pc '97‡‡	106½	+½	106½	105⅞	8.28	7.05
Exch 15pc 1997	130⅛	+½	131½	117½	11.53	7.38
9¾pc 1998	110½	+½	111⅛	97½	8.82	7.20
Five to Fifteen Years						
Treas 7¼pc 1998 (£25 pd)	26¼	+⅛	27⅛	24⅛	7.29	7.06
Treas 6¾pc 1995-98‡‡	99½	+½	99⅛	86½	6.82	6.99
15½pc '98‡‡	135⅛	+⅛	137½	123⅞	11.47	7.72
Exch 12pc 1998	119½	+½	121⅛	107½	10.02	7.73
Treas 9½pc 1999‡‡	109½	+½	111⅛	97⅛	8.69	7.52
Exch 12¼pc 1999	121⅛	+½	123⅛	108½	10.11	7.85
Treas 10½pc 1999	114¼	+⅝	116⅛	101½	9.20	7.83
Conversion 10¼pc 1999	113½	+½	115½	100½	9.03	7.87
9pc 2000‡‡	107⅛	+⅛	108⅛	94⅝	8.41	7.68
Treas 13pc 2000	126½	+½	128⅞	114½	10.28	8.18
10pc 2001	111⅛xd	+½	113½	99½	8.99	8.07

BRITISH FUNDS - Cont.

Notes	Price £	+ or –	1992/93 high	low	Yield Int.	Red.
14pc '98-1	128⅛	+⅛	129½	115½	11.08	7.80
9¾pc 2002	109½xd	+½	111⅞	96⅛	8.98	8.29
8pc 2003 (£25 pd)	23½	+	24⅛	21½	8.12	8.21
10pc 2003	110⅛	+½	113⅛	100⅛	9.03	8.44
Treas 11½pc 2001-4	118⅛	+⅜	120¼	107⅛	9.74	8.39
Funding 3½pc '99-4	68½	+⅛	69⅝	59½	5.10	7.64
Conversion 9½pc 2004	106½	+½	108⅛	96½	8.98	8.57
9½pc 2005	108¾	+½	109⅛	96½	8.90	8.59
Treas 12½pc 2003-5	125½	+½	128¼	116⅛	9.95	8.79
8pc 2002-6‡‡	95⅜	+⅜	97½	85½	8.39	8.61
Treas 11¾pc 2003-7	119½	+½	122¼	110½	9.81	8.74
Treas 8½pc 2007‡‡	98¼	+½	100½	89½	8.66	8.72
13½pc '04-8	132¼	+⅞	136½	123½	10.17	8.81
Over Fifteen Years						
9pc 2008‡‡	102¼	+½	104½	93½	8.81	8.74
8pc 2009	92½	+⅜	95⅛	85⅛	8.61	8.81
8pc 2009 A (£80 pd)	59½	+⅝	60½	56⅞	8.61	8.81
Conv 9pc Ln 2011‡‡	101⅛	+½	103⅝	93½	8.88	8.85
Treas. 9pc 2012	101⅛xd	+½	103½	93½	8.89	8.85
9pc 2012 A	102½xd	—	103½	94⅛	8.78	8.80
Treas 5½pc 2008-12‡‡	70½	+⅛	72⅛	62⅞	7.78	8.59
7¾pc 2012-15‡‡	90½xd	+⅛	92⅛	81½	8.57	8.73
Exch 12pc '13-'17	127¼	+1⅛	130	115½	9.43	9.06
Treas 8¾pc 2017	98⅛xd	+1⅛	101⅛	91½	8.94	8.92
8¾pc 2017 A‡‡	97xd	—	101⅛	91⅞	9.02	8.92
Undated						
Consols 4pc	44½xd	+1⅛	45⅛	39⅞	8.98	–
War Loan 3½pc‡‡	39¼	+⅝	40⅛	35⅛	8.92	–
Conv 3½pc '61 Aft.	61⅞	+1¼	63½	59	5.66	–
Treas 3pc '66 Aft.	33½	—	35	29½	8.96	–
Consols 2½pc	29⅛	+⅛	29½	24½	8.51	–
Treas. 2½pc	28	+⅛	29	24½	8.93	–

BRITISH FUNDS - Cont.

Notes	Price £	+ or –	1992/93 high	low	(1)	(2)
Index-Linked (b)						
Treas. 2pc '94 (102.9)	132½	+¼	132½	122⅞	–	1.38
2pc '96 (67.9)	195¼	+¼	197⅛	170⅛	1.76	2.52
4⅝pc '98 (135.6)	109¾	+⅛	109⅞	100½	2.58	3.16
2½pc '01 (78.3)	159⅞	+¼	162½	139⅛	3.15	3.50
2½pc '03 (78.8)	155⅞	+¼	158⅞	135	3.28	3.58
4⅜pc '04 (135.6)	108¼	+⅛	109⅛	101⅞	3.40	3.69
2pc '06 (69.5)	168¼	+⅛	162½	137⅛	3.45	3.68
2½pc '09 (78.8)	144½	+⅛	147½	124½	3.59	3.80
2½pc '11 (74.6)	149⅛xd	+⅛	152½	129⅛	3.64	3.83
2½pc '13 (89.2)	123xd	+⅛	126⅛	108⅛	3.67	3.84
2½pc '16 (81.6)	131⅛xd	+⅛	133½	112⅞	3.69	3.86
2½pc '20 (83.0)	125⅜	+⅛	128½	107½	3.74	3.88
2½pc '24‡‡ (97.7)	103⅛	+⅛	106½	88⅞	3.77	3.90
4⅛pc '30‡‡ (135.1)	104⅛	+⅛	107½	91½	3.77	3.91

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base for indexing (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to January 1987. Conversion factor 3.945. RPI for May 1992: 139.3 and for December 1992: 139.2.

OTHER FIXED INTEREST

Notes	Price £	+ or –	1992/93 high	low	Yield Int.	Red.
African Dev 11¼ 2010	116	+½	116¼	105⅞	9.64	9.17
Asian Dev 10¼pc 2009	109¼	+½	111½	100⅛	9.34	9.08
B'ham 11½pc 2012	114½	+½	116¼	102¼	10.04	9.83
Ireland Cap 8½pc '10	100½	+1	103	88⅛	8.48	–
9pc Cap 1996	102	+1	105½	90	8.82	–
7¾pc '97-2	73¼	+¼	73⅞	103⅞	71.22	–
Hydro Quebec 15pc 2011	148½	+1⅛	141½	130⅞	10.85	10.10
Leeds 13½pc 2006	128¼	+⅛	129½	116¼	10.49	9.72
Liverpool 3½pc Irred	34½	−½	36	30	10.14	–
LCC 3pc '20 Aft.	31	+¼	32	27	9.68	–
Manchester 11½pc 2007	114½	+½	116	103¼	10.04	9.63
Met. Wtr. 3pc 'B'	64¼	+½	64½	53	4.67	8.11
N'wide Anglia 3¾pc 2021	118	+½	121	103¼	–	5.01
4⅛pc IL 2024	116	+½	116¾	103¼	–	4.85
Utd Mex States 16½pc 2008	132¼	+½	138	121½	12.43	12.21

Continued on next page

AMERICANS

	Notes	Price £	+ or –	1992/93 high	low	Mkt Cap£m	Yld Gr's
Abbott Labs	h	17⅛xd	+1/16	21¼	14⅝	14,987	2.1
Allegheny & W	♥	438p	—	457p	226p	227.6	4.3
Amdahl		580p	+19	1158p	438p	684.9	1.3
Amer Cyanamid		35⅞	+⅛	38⅝	28⅝	3,189	2.9
Amer Express		16⅞xd	+½	16⅞	10¼	7,917	3.8
Amer T & T		36¼xd	—	35¼	20⅛	48,712	2.4
Ameritech		48⅛	+¾	48⅛	32½	21,070	4.8
BankAmerica		33⅞xd	-⅛	34⅞	19⅛	11,521	2.5
Bankers NY		42⅝xd	-½	46⅛	28⅞	3,421	4.6
Bell Atlantic		33¼	—	34⅝	23⅛	14,910	4.9
BellSouth		35⅛	+½	35⅞	25	17,338	5.0
Bethlehem Steel	♥	16⅜xd	+¼	16⅞	5¼	976.5	—
Bowater		1533pxd	+40	1637p	905p	555.5	4.9
CPC	h	31⅛xd	-⅜	34	22⅞	4,704	2.4
Cadiz Land Inc	♥	115p	—	342p	108p	—	—
California Engy		1356p	+267	1356p	591p	246.9	—
Chase Manhattan		19⅞xd	+⅞	19⅝	9⅛	2,987	3.9
Chrysler		24⅞xd	-¼	25	8¼	7,192	1.5
Citicorp		16⅞xd	+1	16⅞	5⅞	6,168	—
Colgate-Palm		36⅝xd	+¼	43¼	25¼	5,847	2.1
Cont'l Bank		1461p	-28	1444p	498p	1,415	2.7
Dana		31⅞xd	+⅛	31⅞	14⅞	1,447	3.2
Data General		760p	+40	1004p	384p	207.9	—
Decora Inds	♥	146p	—	146p	68p	—	—
[illegible]							

CANADIANS

[illegible]

BANKS

[illegible]

BREWERS & DISTILLERS

[illegible]

BUILDING MATERIALS

[illegible]

BUILDING MATERIALS - Cont.

[illegible]

BUSINESS SERVICES

[illegible]

CHEMICALS

[illegible]

CONGLOMERATES

[illegible]

CONTRACTING & CONSTRUCTION

[illegible]

ELECTRICALS

[illegible]

ELECTRICITY

[illegible]

ELECTRONICS

[illegible]

ENGINEERING-AEROSPACE

[illegible]

ENGINEERING-GENERAL

[illegible]

ENGINEERING-GENERAL - Cont.

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FOOD MANUFACTURING

[illegible]

FOOD RETAILING

[illegible]

HEALTH & HOUSEHOLD

[illegible]

HOTELS & LEISURE

[illegible]

HOTELS & LEISURE - Cont.

[illegible]

INSURANCE BROKERS

[illegible]

INSURANCE COMPOSITE

[illegible]

INSURANCE LIFE

[illegible]

INVESTMENT TRUSTS

[illegible]

INVESTMENT TRUSTS - Cont.

[illegible]

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

INVESTMENT COMPANIES

[illegible]

Net asset values supplied by NatWest Securities Limited as a guide only. See guide to London Share Service.

MEDIA

[illegible]

MERCHANT BANKS

[illegible]

METALS & METAL FORMING

[illegible]

MISCELLANEOUS

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MOTORS

[illegible]

OIL & GAS

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OIL & GAS - Cont.

[illegible]

OTHER FINANCIAL

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OTHER INDUSTRIALS

[illegible]

PACKAGING, PAPER & PRINTING

[illegible]

PACKAGING, PAPER & PRINTING - Cont.

[illegible]

PROPERTY

[illegible]

TELEPHONE NETWORKS

[illegible]

TEXTILES

[illegible]

TRANSPORT

[illegible]

WATER

[illegible]

SOUTH AFRICANS

[illegible]

PLANTATIONS

[illegible]

MINES

[illegible]

MINES - Cont.

[illegible]

	Notes	Price	+ or -	1992/93 high	low	Mkt Cap£m	Yld Gr's
Greenwich Res	□	5¼	—	11	2	4.95	–
Hamlo Gold C$		23¾	+¼	36½	23½	361.5	2.7
Ivernia West IE	‡‡□	36	—	53	30	18.1	–
Kells Mlnls IE	‡‡	8	—	42	8	0.19	–
Kenmare	□	7½	—	8	2¼	7.20	–
Mallags Res.		16	–1	48	8	1.77	–
Navan Res IE		26½	—	34	16	3.55	–
5pc Ln Notes		25	—	28	25	4.55	–
Oryx Gold		47	—	109	46¾	–	–
Platcan		3	—	13	3	1.37	–
RTZ	□	657	+12	698	469	6,598	4.0
Vizcaya		2¼	—	3	1	1.47	–

GUIDE TO LONDON SHARE SERVICE

Company classifications are based on those used for the FT-Actuaries Indices and FT-Actuaries World Indices.

Closing mid-prices are shown in pence unless otherwise stated. Highs and lows are based on intra-day mid- prices.

Where stocks are denominated in currencies other than sterling, this is indicated after the name.

Symbols referring to dividend status appear in the notes column daily as a guide to yields and P/E ratios. Dividends and Dividend covers are published on Monday.

Market capitalisation shown is calculated separately for each line of stock quoted.

Estimated price/earnings ratios are based on latest annual reports and accounts and, where possible, are updated on interim figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation, excluding exceptional profits/losses and unrelieved ACT where applicable. Yields are based on mid-prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

Estimated Net Asset Values (NAVs) are shown for Investment Trusts, in pence per share, along with the percentage discounts (Dis) or premiums (Pm -) to the current pre-closing share price. The NAV basis assumes prior charges at par value, convertibles converted and warrants exercised if dilution occurs.

- □ Indicates the most actively traded stocks. This includes UK stocks where transactions and prices are published continuously through the Stock Exchange Automated Quotation system (SEAQ).
- ● "Tap Stock"
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ◆ Figures or report awaited
- ♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♣ Free annual/interim report available, see details below.
- USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Not officially UK listed; dealings permitted under Rule 535(2)
- Price at time of suspension
- Indicated dividend yield after pending scrip and/or rights issue.
- Merger bid or reorganisation in progress
- § Forecast dividend yield; p/e based on earnings updated by latest interim statement.
- ◆ Unregulated collective investment scheme.

a Yield based on annualised dividend
b Figures based on prospectus or other official estimates.
c Cents.
f Flat yield.
g Assumed dividend yield after rights issue.
h Assumed dividend yield after scrip issue.
n Rights issue pending
q Earnings based on preliminary figures.
s Dividend yield excludes a special payment.
t Indicated dividend yield, p/e ratio based on latest annual earnings.
u Forecast, or estimated annualised dividend yield, p/e based on previous year's earnings
v Not subject to ACT.
z Dividend yield includes a special payment
E Auction basis
F Yield based on prospectus or other official estimates for 1994-95.
G Assumed yield after pending scrip and/or rights issue.
H Yield based on prospectus or other official estimates for 1993.
K Yield based on prospectus or other official estimates for 1992-93
L Estimated annualised yield, p/e based on latest annual earnings.
M Yield based on prospectus or other official estimates for 1993-94.
N Yield based on prospectus or other official estimates for 1992.
P Figures based on prospectus or other official estimates for 1994.
R Forecast annualised yield, p/e based on prospectus or other official estimates.
T Figures assumed.
W Pro forma figures.
Z Dividend yield to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xc ex capital distribution.

This service is available to companies whose shares are regularly traded in the United Kingdom for a fee of £1225 a year for each security shown, subject to the Editor's discretion.

FT Annual Reports Service

You can obtain the current annual/interim report of any company annotated with ♣. Ring +44 81-643 7181 (open 24 hours including weekends) or fax +44 81-770 0544, quoting the code FT2264. Reports will be sent the next working day, subject to availability. Please remember to state the weekly changing code above.

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Annual subscription £250.00 stg.
Call +44 71-925 2128 for more details.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

AUTHORISED UNIT TRUSTS

AIB Unit Trust Managers Limited (1000)F
51 Belmont Rd, Uxbridge, Middx UB8 1RZ 0895 259783

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
AIB Grofund American	5	151.8	153.4	161.5	+0.80	0.00
AIB Grofund Equity	5	199.3	201.8	214.2	+2.30	3.24
AIB Grofund Euro	5	147.7	149.7	157.6	+1.40	0.35
AIB Grofund Eqt Balanced	3	98.92	100.7	103.9	-1.50	2.53
AIB Grofund Gilt	3	75.40	75.42	77.76	+0.13	5.25
AIB Grofund Japan	5	118.2	119.5	125.8	+0.60	0.00

AXA Equity & Law Unit Tst Mngrs (1200)H
Equity & Law Hse, Corporation St, Coventry 0203 553231

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
General Inc	5	398.1	399.9	425.5	+21.3	2.78
General Acc	5	433.5	435.5	463.3	+23.2	2.78
UK Growth Acc	6	293.1	297.4	316.4	+16.5	3.13
UK Growth Inc	6	210.1	213.1	226.8	+11.7	3.13
Higher Inc Acc	6	513.6	521.7	555.0	+40.1	4.43
Higher Inc Inc	6	316.8	321.7	342.3	+26.7	4.43
Gilts/Fxd Int Acc	5½	168.6	168.6	178.0	+1.7	7.17
Gilts/Fxd Int Inc	5½	90.83	90.83	95.93	+0.92	7.17
Nth America	6	254.8	259.9	276.5	+38.9	0.00
Far East	6	232.1	232.1	247.0	-2.6	0.36
Europe	6	200.1	200.1	212.9	-0.3	1.27
Brit Excell	6	60.83	60.83	64.72	+4.45	3.21
Brit Fndmtls Acc	6	78.51	78.51	83.53	+6.28	5.42
Brit Fndmtls Inc	6	61.62	61.62	65.56	+4.92	5.42
Global Opps	6	62.43	63.43	67.48	+3.61	0.05

Abbey Unit Tst Mngrs (1000)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Gilts & Fixed Int	6	127.0	127.0xd	134.7	+0.3	7.05
High Inc Equity	6	137.7	140.5xd	149.4	+1.1	5.69
Worldwide Bond	6	251.6	251.6	266.7	+2.8	4.69
American Growth	6	279.0	279.0xd	298.3	+3.1	.49
Asian Pacific	6	187.9	191.9	204.1	+4.2	.94

Britannia Life Unit Managers Ltd (1200)F
50 Bothwell Street, Glasgow G2 6HR 041-223 6020

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Balanced Growth	6	88.31	89.32	95.53	+0.73	2.39
Do (Accum)	6	96.42	97.52	104.30	+0.80	2.39
Smaller Cos	6	70.90	72.47	77.50	+0.20	1.81
Do (Accum)	6	76.67	78.36	83.80	+0.22	1.81
Higher Yield	6	35.17	35.53xd	38.00	+0.25	4.52
Do (Accum)	6	47.99	48.47	51.84	+0.33	4.52
American Gth Inc	6	53.02	53.19	56.89	+0.85	0.29
Do (Accum)	6	54.03	54.20	57.97	+0.86	0.29
European Growth	6	89.40	89.76	96.00	+0.85	1.78
Do (Accum)	6	90.23	90.60	96.90	+0.86	1.78
Global Bond Inc	6	27.76	27.80xd	29.55	+0.19	5.78
Do (Accum)	6	34.11	34.23	36.31	+0.24	5.78
Managed P'folio Inc	6	31.82	31.88	34.10	+0.27	1.54
(Do Accum)	6	31.91	31.97	34.19	+0.27	1.54
Pacific Growth Accum	6	79.69	80.56	86.16	+0.92	1.17
Intl Spec Opps Accum	6	77.03	78.05	83.47	+0.70	1.09

Brown Shipley & Co Ltd (1000)F
9-17 Perrymount Rd Haywards Hth 0444 412262

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Mngd P'folio Inc	6	85.43	85.43	90.98	+0.52	2.29
Mngd P'folio Acc	6	159.9	159.9	170.3	+0.90	–
UK General	6	138.9	138.9	148.0	+0.90	3.43
Conv & General	6	18.25	18.25xd	19.53	+0.11	7.90
European Inc	6	21.15	21.15	22.76	+0.14	0.50
European Acc	6	21.85	21.85	23.51	+0.15	–
Financial	6	102.3	102.3	109.5	+0.90	4.06
Foundation	6	68.21	69.85	74.39	+0.11	3.77
German	6	37.61	37.61	40.33	+0.16	0.10
Growth Inc (5-1)	5	26.82	26.82	28.61	+0.26	3.24
Growth Acc (5-1)	5	31.23	31.23	33.32	+0.31	–
High Income	6	67.37	68.16	72.93	+0.56	6.44
Income	6	113.9	115.9	124.0	+0.50	4.68
Intl Income	6	82.76	82.76xd	88.14	+0.47	5.47
Intl Growth ♣	6	31.44	31.44	33.49	+0.26	0.23
Monthly Income	6	64.13	66.09	70.39	+1.09	4.79
North American	6	102.7	103.8xd	110.5	+0.90	0.20
Orient ♣	6	91.78	91.78	98.74	+0.95	–
Recovery	6	31.76	33.18	35.67	+0.26	3.31
Smaller Cos Acc	6	227.5	243.4	259.2	+1.30	–
Smaller Cos Inc	6	133.2	142.6	151.8	+0.80	1.52

Brycourt Unit Tst Mgmt Ltd (1400)F
Hesketh Hse, Portman Sq, W1H 0JR 071-935 6382

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income Growth	1	184.1	184.1	189.2	...	6.6

NM Unit Trust Mngrs (1200)F
The Bilton Centre, North Harbour, Portsmouth
Enquiries: 0705 372222 Dealing: 0705 387730

	Init Chrge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American ♥	5¼	41.23	41.23	43.97	+0.43	0.75
(Accum Units) ♥	5¼	44.86	44.86	47.85	+0.47	0.75
Australian ♥	5¼	215.30	216.60	232.40	+0.10	0.00
(Accum Units) ♥	5¼	243.40	245.00	262.80	+0.10	0.00
Conscience	5¼	58.84	58.84xd	62.79	+0.23	1.47
(Accum Units)	5¼	63.15	63.15	67.39	+0.26	1.47
Europe	5¼	154.90	154.90	165.20	+1.20	1.31
(Accum Units)	5¼	166.30	166.30	176.30	+1.30	1.31
Extra Income	5¼	68.52	68.52	73.12	+0.39	6.23
(Accum Units)	5¼	102.50	102.50	109.30	+0.50	6.23
Far East Gth Acc	5¼	128.90	128.90	137.70	+2.00	0.06
Gilt & F I	5¼	57.15	57.15	60.49	+0.29	7.62
(Accum Units)	5¼	131.10	131.10	138.70	+0.40	7.62
Gold ♥	5¼	24.29	24.29	26.11	+0.67	0.00
(Accum Units) ♥	5¼	26.16	26.16	28.12	+0.73	0.00
Income	5¼	47.93	47.93xd	51.12	+0.33	5.58
(Accum Units)	5¼	143.70	143.70	153.20	+1.00	5.58
Invst.	5¼	26.33	26.33	28.25	+0.35	0.96
(Accum Units)	5¼	37.84	37.84	40.60	+0.51	0.96
Jap Smaller Cos	5¼	225.70	225.70	240.70	+1.80	0.00
Sing & Malaysian	5¼	130.30	130.30	139.70	+2.10	0.00
(Accum Units)	5¼	135.60	135.60	145.40	+2.30	0.00
Smaller Co's	5¼	22.05	22.36xd	24.04	+0.43	2.00
(Accum Units)	5¼	25.49	25.86	27.80	+0.49	2.00
Special Sits	5¼	29.76	29.76	32.00	+0.21	1.91
(Accum Units)	5¼	33.96	33.96	36.51	+0.22	1.91
Sterling Deposit	0	100.3	100.30xd	100.30	.....	6.60
(Accum Units)	0	100.80	100.80	100.80	.....	6.60
Tokyo	5¼	58.97	58.97	62.90	+0.45	0.00
(Accum Units)	5¼	59.57	59.57	63.54	+0.46	0.00
UK Equity	5¼	150.20	150.20xd	160.20	+1.40	3.13
(Accum Units)	5¼	278.40	278.40	296.90	+1.70	3.13
US Smaller Cos ♥	5¼	100.90	100.90	107.90	-0.70	0.00

Guide to pricing of Authorised Unit Trusts

Compiled with the assistance of Lautro §§

INITIAL CHARGE: Charge made on sale of units. Used to defray marketing and administrative costs, including commission paid to intermediaries. This charge is included in the price of units.

OFFER PRICE: Also called issue price. The price at which units are bought by investors.

BID PRICE: Also called redemption price. The price at which units are sold back by investors.

CANCELLATION PRICE: The minimum redemption price. The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, most unit trust managers quote a much narrower spread. As a result, the bid price is often set above the cancellation price. However, the bid price might be moved to the cancellation price by the managers at any time, usually in circumstances in which there is a large excess of sellers of units over buyers.

TIME: The time shown alongside the fund manager's name is the time of the unit trust's valuation point unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: (♥) - 0001 to 1100 hours; (♣) - 1101 to 1400 hours; (♦) - 1401 to 1700 hours; (♠) - 1701 to midnight. Daily dealing prices are set on the basis of the valuation point; a short period of time may elapse before prices become available.

HISTORIC PRICING: The letter H denotes that the managers will normally deal on the price set on the most recent valuation. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis. The managers must deal at a forward price on request, and may move to forward pricing at any time.

FORWARD PRICING: The letter F denotes that the managers deal at the price to be set on the next valuation. Investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper are the most recent provided by the managers.

SCHEME PARTICULARS AND REPORTS: The most recent report and scheme particulars can be obtained free of charge from fund managers.

Other explanatory notes are contained in the last column of the FT Managed Funds Service.

§§ Life Assurance and Unit Trust Regulatory Organisation, Centre Point, 103 New Oxford Street, London WC1A 1QH Tel: 071 – 379 – 0444.

FT MANAGED FUNDS SERVICE

● Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

Sharp (Albert E.) & Co (1000)F
Admin: 5 Rayleigh Rd Hutton, Brentwood Essex
Enquiries 0277 227300 Dealing 0277 261010

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
European	5	101.40	101.40	107.10	-0.10	1.76
Intl Bond & Conv	5	119.40	119.80	126.10	+0.50	5.73
Pooled Pension ϕ	7	143.7	147.6	157.9		–
Smaller Cos	5	57.92	59.64	62.78	+0.06	2.17
UK General	5	112.50	114.30	120.30	+0.90	2.98

Sheppards Unit Trust Mngmt Ltd (1200)F
1 White Hart Yard, London Bridge SE1 071 407 5966

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Income	5	373.16	373.16	395.55	+4.26	5.21
Global Inc	5	53.92	53.92	57.16	+0.64	4.25
Brit Leaders	5	311.52	311.52	330.21	+4.87	3.09
Intl Leaders	5	172.66	172.66	183.02	+1.57	1.79
F'm Mar Bal Gth Inc ϕ	3½	50.21	51.51	53.52	-0.02	5.18

Singer & Friedlander UT Mngmt Ltd (1000)F
PO Box 224, Beckenham, BR3 4TF 081-663 3009

Whittingdale Unit Tst Mgmt Ltd (0830)F
2 Honey Lane, London EC2V 8BT 071-600 0462

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Challenger	2¼	87.79	87.79	89.84	+0.40	0.00
Short Dtd Gilt	1¼	107.8	107.8	109.2	+0.40	4.47
U.S. Govmnt Bond	1¼	0.7063	0.7063	0.7156	+0.003	0.00
Gilt Income	4	50.87	50.87	52.94	+0.14	8.69
Gilt Growth	4	63.22	63.22	65.79	+0.14	0.00
City Reserve	0	51.98	51.98	51.98		6.92

Woolwich Unit Trust Managers Ltd (1700)H
1 White Oak Square, Swanley BR8 7AG 0705 388046

	Init Charge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
Stockmarket Fd F	5	63.51	63.71	67.77	+0.45	2.33

OTHER UK UNIT TRUSTS

INSURANCES

AEGON Life Assurance Co (UK) Ltd
AEGON Hse, Lanark Sq, London E14 9XS 071-538 8800
Life Series 2

	Bid Price	Offer Price	+ or -	Yield Gross
Aggressive Ptflo Fund	125.8	133.2	+1.2	–
Balanced Ptflo Fund	355.6	376.4	+2.9	0
Cautious Ptflo Fund	140.4	148.6	+0.4	–
Elite Fund	128.5	136.0	+0.2	–
European Fund	97.9	103.7	+0.4	–
Far East Fund	91.6	97.0	+1.9	–
Fixed Interest Fund	289.0	305.9	+0.5	–
International Fund	242.5	256.7	+2.5	–
Money Fund	235.6	249.4		–
N American Fund	189.6	200.7	-1.0	–
Property Fund	388.3	410.9		–
UK Equity Fund	456.2	482.8	+4.4	–
Swiss Select Invs	85.6	91.0		–
Swiss Global Fund	149.1	157.8	+1.5	–
Hambleden Tst Fund	85.5	90.9	+0.7	–

Cannon Assurance Ltd – Contd.
2nd Series Pension Accumulation

	Bid Price	Offer Price	+ or -	Yield Gross
Equity	935.2	989.6	+7.30	
High Income	678.2	717.7	+3.10	
Capital Growth	112.6	119.2	+0.70	
Property	415.2	439.4		
Managed 2	194.3	205.7	+0.90	
Managed	640.2	677.5	+4.40	
Managed 4	206.3	218.3	+1.60	
Deposit	492.7	521.4		
Gilt	447.2	473.2	+0.90	
American	1068.6	1130.8	+12.3	
International Money	413.3	437.4	+1.70	
Index	207.7	219.8	+0.50	
Far East	384.2	406.6	+4.30	
Global	157.6	166.8	+1.50	
European	132.5	140.2	+1.20	
Japan	161.1	170.5	+1.60	

Continued on next page

FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128

Prolific Life & Pensions Ltd

Stramongate, Kendall, Cumbria LA9 4UB 0539 733733
Managed Fund see Balanced Growth Managed Fund

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
Balanced Gwth Mngd	650 1	691 7	+3 1	-
Adventurous Mngd.	157 0	167 1	+1 1	-
Cautious Mngd.	123 6	131 5	+0 3	-
Cash Fd	316.4	333 5	......	-
Property Fund	216 1	229.9		-
Equity Fund	742 6	790 1	+6 6	-
Fxd Int. Fund.	406 4	428 3	+0 5	-
International	327 8	348 8	+3 0	-
High Income	574 9	611.6	+1.4	-
Far East	431.7	459 3	+2.5	-
North American	443.2	471.5	+6.5	-
Special Sits.	538 9	573 3	+1 6	-
Technology	454.7	483.8	+7.4	-
Extra Inc Fd	315.3	335 5	+0 9	-
Convertible & Gilt Fd.	151 4	161 1	-0.3	-
American Income	177 1	188.5	+1.6	-
Gilt Fund 20.	438.3	466.3	+1.5	-
European Fund	118.0	125 6	+0.9	-
Pref & Fixed Int.	110.9	118 0	-0 1	-
UK Blue Chip	115.5	121.8	+0.7	-
Recovery Fund	112.9	119 0	+0 6	-
Equity Income Dist.	104 1	110 8	+0.5	5 03
Managed Dist.	99 7	106 1	+0.5	5 68
High Yield Dist	102.3	107 8	...	8 62
Pension Funds				
Balncd Gth Mgd Pens Acc.	755.1	794 9	+4.3	-
Adventurous Mgd Pens Acc.	165 1	173.8	+1.5	-
Cautious Mngd Pens Acc	142.6	150.2	+0.5	-
Building Soc Acc.	364 8	384 0		-
Property Pens. Acc.	294 2	309 7		-
Fix Int. Pens. Acc.	638.6	672.3	+0 6	-
Equity Pens Acc.	957.7	1008 2	+7.7	-
International Pens Acc.	303 4	319 4	+3.3	-
High Inc Pens Acc.	648.8	683 0	+3 1	-
Tech Pens Acc	320.1	337 0	+6.0	-
N American Pens Acc.	338.4	356.3	+5.6	-
Far Eastern Pens Acc	435 0	457 9	+3 0	-
Special Sits Pens Acc.	442.5	465 8	+1 9	-
Extra Income Pens Fd	386 0	406 4	+1 7	-
Convertible & Gilt Pen	184 4	194 2	+2.4	-
American Inc Pens	202.7	213 4	+0.1	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

J Rothschild Assurance PLC

J Rothschild House, Dollar Street, Cirencester
Telephone 0285 640302 Helpline 041 307 6500

	Bid Price	Offer Price	+ or -	Yield Gross
Life Funds				
JRA/M&G Managed	113.3	119.3	+0.2	-
JRA/Scottish Amicable Mngd	109 8	115 6	+0 6	-
JRA/S James's Place Mngd	116 7	122.9	+0 6	-
Deposit	100.3	105.6	.	-
Far East	111.1	117.0	-0.4	-
Gilts	104.3	109.8		-
Greater European	111.5	117 4	+0.8	-
North American	127.3	134.1	+0.6	-
UK Equity	114 6	120 7	+0 7	-
Pension Funds				
JRA/M&G Managed cap.	111.1	117 0	+0 2	-
JRA/M&G Managed acc.	114 9	121.0	+0 2	-
JRA/Scottish Amicable Mngd cap	108 7	114.5	+0.9	-
JRA/Scottish Amicable Mngd acc	112.5	118 5	+1 0	-
JRA/S James's Pl Mngd cap.	121.0	127 4	+0.9	-
JRA/S James's Pl Mngd Acc.	125 2	131 8	+0.9	-
Deposit cap	100 2	105 5	..	-
Deposit acc.	103 6	109 1		-
Far East cap	106 8	112.5	-0.4	-
Far East acc	110 5	116.4	-0 4	-
Gilts cap	101.9	107.3	.....	-
Gilts acc.	105 5	111 1	.	-
Greater European cap	111.3	117 2	+0 4	-
Greater European acc.	115.2	121.3	+0 5	-
North American cap.	126.4	133.1	+0 6	-
North American acc.	130.8	137 7	+0.6	-
UK Equity cap.	114 0	120 0	+1 2	-
UK Equity acc.	117 8	124 1	+1 1	-

Royal Heritage Life Assurance Ltd

Peterborough Business Pk, PE2 6GG 0733 390000

	Bid Price	Offer Price	+ or -	Yield Gross
Multi Gwth		593 8	..	-
Multi Gwth A Cap	388 1	408.5	..	-
Multi Gwth A Accum	593.8	625 1	.	-
Op Prop.	408.8	430 3	+1 9	-
Op Equity	843.5	887 9	+2 7	-
Op High Yld	500 9	527 3	+1.1	-
Op Man.	673 6	709.1	+4 7	-
Op Dep	369 6	389 1	..	-
Op Inc Dist.	198 7	209 2	+0.5	-
Op Int Man.	362 0	381.1	+3 7	-
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

[illegible]

OFFSHORE INSURANCES

[illegible]

OFFSHORE AND OVERSEAS

BERMUDA (SIB RECOGNISED)

[illegible]

CANADA (SIB RECOGNISED)

[illegible]

GUERNSEY (SIB RECOGNISED)

[illegible]

MANAGEMENT SERVICES

[illegible]

GUERNSEY (REGULATED)(**)

[illegible]

IRELAND (SIB RECOGNISED)

[illegible]

IRELAND (REGULATED)(**)

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ISLE OF MAN (SIB RECOGNISED)

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ISLE OF MAN (REGULATED)(**)

[illegible]

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FT MANAGED FUNDS SERVICE

• Current Unit Trust prices are available from FT Cityline. For further details call (071) 925 2128.

JERSEY (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

JERSEY (REGULATED)(**)

LUXEMBOURG (REGULATED)(**)

SWITZERLAND (SIB RECOGNISED)

OTHER OFFSHORE FUNDS

MANAGED FUNDS NOTES

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

New worries about sterling

STERLING tumbled by more than two pfennigs against the D-Mark yesterday after an extremely gloomy set of indicators raised concerns that the UK economy may be continuing to stagnate, *writes James Blitz.*

Since the middle of December, currency dealers had believed that sterling was well underpinned against the German currency and that a return to the DM2.40 exchange rate seen in October was unlikely. Anecdotal evidence of a pick-up in shopping over the Christmas period was among the factors underlining that view.

But yesterday's unemployment figure, which showed a rise of 60,800 in the number of people out-of-work in December and the 0.5 per cent fall in manufacturing output in November, have changed some minds.

Several dealers said yesterday that, in the first quarter of this year, sterling could revisit the 1992 low of DM2.3690, against the prospect of more cuts in UK interest rates.

"The currency may enjoy some consolidation in the next couple of weeks because it has had such a huge fall since the start of the year," said Mr Mark Brett, a currency analyst at Barclays de Zoete Wedd in London. "But there must be a risk that, in the run up to the budget, it will break due south again."

Mr Ian Harnett, chief economist at Société Générale Strauss Turnbull in London, said: "We are entering a period of great fragility for the pound. There is now a feeling in the market that UK rates will come down faster than Germany's, even if the Bundesbank eases policy next month."

The impact of yesterday's indicators was seen in sterling's temporary fall below DM2.50, which some technical analysts see as a significant support level.

The currency bottomed out at DM2.4950 and closed at DM2.4525, some 2¼ pfennigs down on the day and 4¾ pfennigs down on the week. The pound closed at $1.5180 against the dollar, more than 2¼ cents down on the day.

Sterling has seen sharp falls against the D-Mark several times in the last few months, only to back up above DM2.50 very promptly.

But, according to Mr Brett, the worrying factor about yesterday's UK indicators was that they showed that 3 points off interest rates and a significant devaluation had still failed to boost the economy.

He also believes that investors will seek very low levels for sterling/D-Mark if they are to invest in the estimated £50bn of gilts which will meet the Public Sector Borrowing Requirement for 1993/4.

By contrast, the dollar enjoyed some strength against the D-Mark after a business survey from the Philadelphia Federal Reserve showed an acceleration in manufacturing growth in January.

The dollar closed nearly a pfennig higher at DM1.6150. Against the yen, it was stronger at Y125.00.

£ IN NEW YORK

Jan 21	Latest	Previous Close
£ Spot	1.5165-1.5175	1.5445-1.5455
1 month	0.52-0.51pm	0.53-0.51pm
3 months	1.33-1.30pm	1.38-1.35pm
12 months	3.65-3.56pm	3.95-3.85pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

	Jan 21	Previous
8.30 am	80.6	81.1
9.00 am	80.7	81.1
10.00 am	80.5	81.1
11.00 am	80.5	81.2
Noon	80.1	80.8
1.00 pm	80.0	80.8
2.00 pm	80.1	80.7
3.00 pm	79.8	80.3
4.00 pm	79.8	80.6

CURRENCY RATES

Jan 21	Bank § rate %	Special * Drawing Rights	European † Currency Unit
Sterling	–	0.891921	0.796932
U S Dollar	3.00	1.37668	1.21492
Canadian $	7.27	1.75788	1.56057
Austrian Sch	8.25	15.6597	13.7906
Belgian Franc	7.75	45.7746	40.3658
Danish Krone	9.50	8.56088	7.52827
D-Mark	8.25	2.23692	1.96028
Dutch Guilder	7.75	2.67265	2.20411
French Franc	10	7.52700	6.62254
Italian Lira	12.00	2041.92	1793.71
Japanese Yen	3.25	172.773	151.926
Norway Krone	–	9.39653	8.29185
Spanish Peseta	–	157.674	138.683
Swedish Krona	11.50	9.97749	8.78207
Swiss Franc	5.50	2.04369	1.79930
Greek Drach	19	N/A	261.791
Irish Punt	–	N/A	0.738555

§ Bank rate refers to central bank discount rates. These are not quoted by the UK, Spain and Ireland. † European Commission Calculations. * All SDR rates are for Jan 19

CURRENCY MOVEMENTS

Jan 21	Bank of England Index	Morgan** Guaranty Changes %
Sterling	79.8	–29.28
U S Dollar	66.5	–11.20
Canadian Dollar	94.1	–7.93
Austrian Schilling	114.9	+16.42
Belgian Franc	115.9	+0.29
Danish Krone	118.1	+11.74
D-Mark	125.2	+31.68
Swiss Franc	110.2	+18.54
Dutch Guilder	119.5	+21.03
French Franc	110.1	–6.68
Lira	83.2	–32.34
Yen	151.4	+86.91
Peseta	100.2	–23.92

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1985=100) **Rates are for Jan 20

OTHER CURRENCIES

[illegible]

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu Central Rates	Currency Amounts Against Ecu Jan 21	% Change from Central Rate	% Spread vs Weakest Currency	Divergence Indicator
Spanish Peseta	143.386	138.683	–3.28	3.84	53
Portuguese Escudo	182.194	176.346	–3.21	3.77	50
Belgian Franc	40.6304	40.3658	–0.65	1.10	18
Dutch Guilder	2.21958	2.20411	–0.70	1.14	20
D-Mark	1.96992	1.96028	–0.49	0.93	13
Danish Krone	7.51410	7.52827	0.19	0.25	–22
French Franc	6.60683	6.62254	0.24	0.20	–29
Irish Punt	0.735334	0.738555	0.44	0.00	–33

Ecu central rates set by the European Commission. Currencies are in descending relative strength. Percentage changes are for Ecu; a positive change denotes a weak currency. Divergence shows the ratio between two spreads: the percentage difference between the actual market and Ecu central rates for a currency, and the maximum permitted percentage deviation of the currency's market rate from its Ecu central rate. (17/9/92) Sterling and Italian Lira suspended from ERM. Adjustment calculated by Financial Times.

POUND SPOT - FORWARD AGAINST THE POUND

[illegible]

DOLLAR SPOT - FORWARD AGAINST THE DOLLAR

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

EXCHANGE CROSS RATES

[illegible]

FINANCIAL FUTURES AND OPTIONS

[illegible]

Open Int. 13,152 169,720 53,434 14,822 170,996 28,602
Estimated volume 26,488 † Total Open Interest 455,446
† All Yield & Open Interest figures are for the previous day.

BASE LENDING RATES

	%		%		%
Adam & Company	7	Cyprus Popular Bank	7	NatWestminster	7
Allied Trust Bank	7	Duncan Lawrie	7	Northern Bank Ltd	7
AIB Bank	7	Equatorial Bank plc	7	Nykredit Mortgage Bnk	7.5
●Henry Ansbacher	7	Exeter Bank Limited	8	●Rea Brothers	7
B & C Merchant Bank	13	Financial & Gen Bank	7	Roxburghe Bank Ltd	9
Bank of Baroda	7	●Robert Fleming & Co	7	Royal Bk of Scotland	7
Banco Bilbao Vizcaya	7	Girobank	7	●Smith & Williamson Secs	7
Bank of Cyprus	7	●Guinness Mahon	7	Standard Chartered	7
Bank of Ireland	7	Habib Bank AG Zurich	7	TSB	7
Bank of India	7	●Hambros Bank	7	Unibank plc	7
Bank of Scotland	7	Hampshire Trust Plc	13.5	●United Bk of Kuwait	7
Barclays Bank	7	Heritable & Gen Inv Bk	7	Unity Trust Bank Plc	7
Brit Bk of Mid East	7	●Hill Samuel	7	Western Trust	7
●Brown Shipley	7	C. Hoare & Co	7	Whiteaway Laidlaw	7
CL Bank Nederland	7	Hongkong & Shanghai	7	Yorkshire Bank	7
Citibank NA	7	Julian Hodge Bank	7		
City Merchants Bank	7	●Leopold Joseph & Sons	7		
Clydesdale Bank	7	Lloyds Bank	7		
The Co-operative Bank	7	Meghraj Bank Ltd	7		
Coutts & Co	7	McDonnell Douglas Bk	7		
Credit Lyonnais	7	Midland Bank	7		

● Members of British Merchant Banking & Securities Houses Association

MONEY MARKETS

Bets on rate cut

THE STERLING cash and futures markets started to bet on a cut in UK base rates before the March budget, following the release of extremely poor UK economic indicators yesterday, *writes James Blitz.*

Both the larger-than-expected rise of 60,800 in the number of people out-of-work in December and the 0.5 per cent fall in manufacturing output in November persuaded many dealers that the UK government must urgently contemplate a cut in interest rates to stimulate the economy.

UK clearing bank base lending rate 7 per cent from November 13, 1992

Until yesterday, the market appeared to believe that base rates would not be cut before the Chancellor's budget in March, and that the reduction in rates might only be in the order of 50 basis points.

However, one dealer said yesterday: "The market could not have been given a more disastrous set of figures than these."

The March sterling contract rose 18 basis points to close at 93.70, a level which supposes that 3-month money at budget time will be at 6.30 per cent. This is compatible with a 100 basis point cut in base rate, which would immediately bring 3-month money down to about 6¼ per cent.

One dealer suggested yesterday that anyone buying the March contract from now on would be betting on an immediate ease in policy.

But that did not stop another dealer suggesting that the "March" still has 20 more basis points to soar, because the market is so optimistic. "I don't think there actually will be a 1 percent cut in rates, but, in this game, the journey is more important than where you arrive," he said.

The cash market now appears to be entering a period when prospects of a rate cut discourage dealers from tying up funds with the Bank of England through the offer of bills. Several dealers anticipated tight overnight lending rates from here to budget day.

Three month sterling cash fell sharply yesterday from around 7 per cent to 6 13/16 per cent. The decline was all the more remarkable considering the tightness of conditions in the discount market.

The Bank of England forecast a shortage of £1.9bn, there was late assistance of £350m and the overnight rate peaked at 10 per cent.

The key issue for the UK government now is whether it cares enough about the sterling exchange rate to avoid cutting base rates.

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

NEW YORK — Treasury Bills and Bonds

Lunchtime					
Prime rate	6	One month	2.98	Three year	4.85
Broker loan rate	5	Two month	2.98	Five year	5.84
Fed funds	3¼	Three month	3.05	Seven year	6.27
Fed funds at intervention	-	Six month	3.21	10-year	6.62
		One year	3.47	30-year	7.34
		Two year	4.37		

Jan 21	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	8.55-8.65	8.55-8.65	8.45-8.60	8.40-8.55	7.95-8.10	9.50
Paris	12-12¼	11 13/16-12 1/16	-	11 7/16-11 9/16	-	9.10
Zurich	5¼-5½	5 7/16-5 9/16	-	5¼-5½	-	-
Amsterdam	7.88-8.00	8.22-8.35	-	7.95-8.05	-	-
Tokyo	3 11/32-3 13/32	3 11/32-3 13/32	-	-	-	-
Milan	12¼-12¾	12¼-12½	-	12¼-12 3/8	-	-
Brussels	-	-	-	-	-	-
Dublin	16-18	30-35	25-30	18-25	16-18	-

LONDON MONEY RATES

Jan 21	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	10	7⅝	7¼	7 1/16	6 13/16	6⅝
Interbank Bid	6	7⅜	7	6¾	6 9/16	6⅜
Sterling CDs	–	–	7 3/16	6 15/16	6 11/16	6½
Local Authority Deps.	7½	7½	7¼	6⅞	6 11/16	6½
Local Authority Bonds	–	–	–	–	–	–
Discount Mkt Deps	8	7¼	–	–	–	–
Company Deposits	–	–	–	–	–	–
Finance House Deposits	–	–	7 1/16	6 13/16	6⅝	6½
Treasury Bills (Buy)	–	–	6⅝	6½	6 7/16	–
Bank Bills (Buy)	–	–	6 27/32	6 9/16	6 13/32	–
Fine Trade Bills (Buy)	–	–	–	–	–	–
Dollar CDs	–	–	3.06	3.19	3.34	3.74
SDR Linked Dep. Offer	–	–	5½	5 7/16	5¼	5¼
SDR Linked Dep. Bid	–	–	5⅜	5⅜	5⅛	5
ECU Linked Dep. Offer	–	–	10	10	9 11/16	9¼
ECU Linked Dep. Bid	–	–	9⅞	9⅞	9 9/16	8 13/16

Treasury Bills (sell): one-month 6 5/16 per cent; three months 6⅜ per cent; six months 6 5/16 per cent; Bank Bills (sell): one-month 6 13/16 per cent; three months 6½ per cent; Treasury Bills: Average tender rate of discount 6.2972. ECGD Fixed Rate Sterling Export Finance. Make up day December 31, 1992. Agreed rates for period January 26, 1993 to February 23, 1993, Scheme I: 8.38 p.c., Schemes II & III: 8.50 p.c. Reference rate for period December 1, 1992 to December 31, 1992, Scheme IV&V: 7.232 p.c. Local Authority and Finance Houses seven days' notice, others seven days' fixed. Finance Houses Base Rate 7½ from January 1, 1993; Bank Deposit Rates for sums at seven days notice 4 per cent. Certificates of Tax Deposit (Series 6); Deposit £100,000 and over held under one month 3½ per cent; one-three months 6 per cent; three-six months 5½ per cent; six-nine months 5 per cent; nine-twelve months 5 per cent; Under £100,000 3½ per cent from Nov.16, 1992. Deposits withdrawn for cash 1½ per cent.

MONEY MARKET FUNDS

Money Market Trust Funds

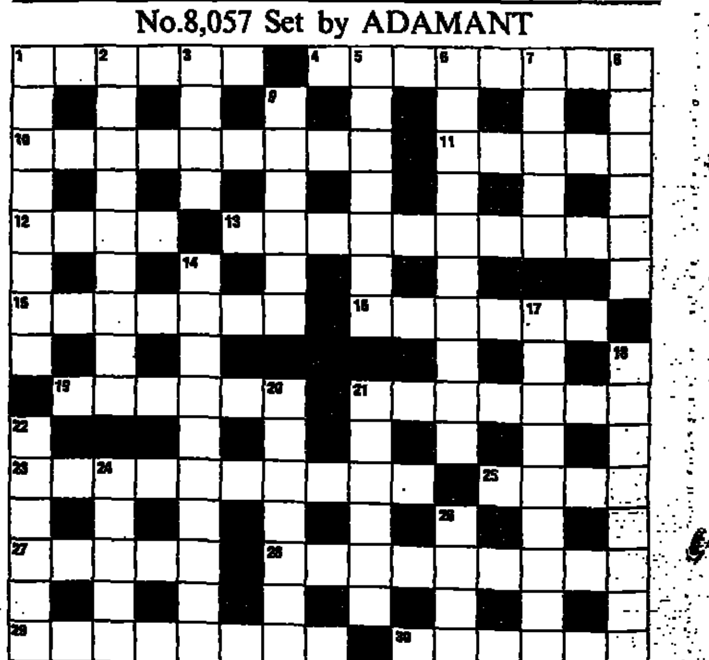
[illegible]

Money Market Bank Accounts

[illegible]

CROSSWORD

No.8,057 Set by ADAMANT



ACROSS

1 French word for an early let-out (6)
4 Took the middle position and agreed a victory settlement (8)
10 Apostates race around during schisms (9)
11 Hard for the paper to hold nothing back (5)
12 Terrible ruler elected around Virginia (4)
13 The heart can go out to give support for Ulster, perhaps (4-6)
15 Student, go back and reserve the document (7)
16 Sign put well back into the light (6)
19 Cry out when the left elbow is injured (6)
21 Not in favour of modern poetry (7)
23 Temple construction can be later (10)
25 Incline towards the catalogue (4)
27 Easy to understand how the copper went back into cover (5)
28 For each opportunity, maybe (9)
29 Those taking steps to be under SAS orders (8)
30 One automobile America saw as classic highflier (6)

DOWN

1 Scrap the piano piece (8)
2 Treacle no good for moulding a two dimensional shape (9)
3 Place to take a rest before university (4)
5 One who does not settle top form riots unfortunately (7)
6 Umpire has right voice for causing deflections (10)
7 Call to dinner gets one moving (5)
8 Spot a rising medical man, one who is getting on (6)
9 Open the door on a French Watergate (6)
14 It takes money to get things across (4-6)
17 Return of ruler, one not born locally (9)
18 Those who do not believe in keeping birds under warm conditions (8)
20 Packing a housecoat (7)
21 Entice everyone on to the river (6)
22 No nonsense opportunites at auction come up. I had concluded (6)
24 Might be rasher returning without a taxi (5)
26 Some psychical phenomena come with it (4)

Solution to Puzzle No.8,056

C	A	R	P	E	N	T	E	R		C	U	R	E	R
H		E		L		O		E		O		I		O
I	S	S	U	E		T	I	P	S	T	A	F	F	S
E		T		C		A		O		S		L		E
F	I	R	S	T	C	L	A	S	S		F	E	T	E
		A		R		L		A		R				L
A	B	I	L	I	T	Y		L	E	E	W	A	R	D
L		N		C						C		N		E
O	U	T	R	A	G	E		B	O	U	N	C	E	R
N				L		Y		O		P		H		
G	O	N	E		S	E	A	A	N	E	M	O	N	E
S		I		D		L		S		R		R		A
I	N	C	R	E	M	E	N	T		A	L	I	A	S
D		H		F		S		E		T		T		E
E	L	E	C	T		S	O	R	C	E	R	E	S	S

WORLD STOCK MARKETS

CANADA

MONTREAL

3 pm January 21

Total Sales 15,606,400 shares

INDICES

NEW YORK

DOW JONES	Jan 20	Jan 19	Jan 18	Jan 15	1992/93 HIGH	1992/93 LOW	Since compilation HIGH	Since compilation LOW
Industrials	3241.95	3255.99	3274.91	3271.12	3413.21 (1/6/92)	3136.58 (9/10/92)	3413.21 (1/6/92)	41.22 (2/7/32)
Home Bonds	103.94	103.98	104.03	104.01	104.03 (18/1/93)	98.41 (20/3/92)	104.03 (18/1/93)	54.99 (1/10/81)
Transport	1500.57	1510.44	1520.11	1506.21	1520.11 (18/1/93)	1204.40 (26/8/92)	1532.01 (5/9/89)	12.32 (8/7/32)
Utilities	222.08	222.90	222.46	222.40	225.59 (3/1/92)	200.74 (8/4/92)	236.23 (2/1/90)	10.50 (8/4/32)

DJ Indl. Day's High 3278.96 (3299.49) Low 3231.41 (3239.52) (Theoretical)
Day's High 3263.83 (3283.01) Low 3240.87 (3254.64) (Actual)

STANDARD AND POOR'S

	Jan 20	Jan 19	Jan 18	Jan 15	1992/93 HIGH	1992/93 LOW	Since compilation HIGH	Since compilation LOW
Composite ‡	433.37	435.13	436.84	437.15	441.28 (18/12/92)	394.50 (8/4/92)	441.28 (18/12/92)	4.40 (1/6/32)
Industrials	501.19	502.69	505.75	506.92	515.75 (18/12/92)	470.91 (8/4/92)	515.75 (18/12/92)	3.62 (21/6/32)
Financial	42.00	42.27	41.85	41.51	42.27 (19/1/93)	32.40 (8/4/92)	42.27 (19/1/93)	8.64 (1/10/74)
NYSE Composite	238.89	239.66	240.33	240.47	242.08 (18/12/92)	217.92 (8/4/92)	242.08 (18/12/92)	4.46 (25/4/42)
Amex Mkt. Value	405.21	403.84	403.79	403.65	418.99 (12/2/92)	364.85 (9/10/92)	418.99 (12/2/92)	29.31 (9/12/72)
NASDAQ Composite	697.44	696.81	698.13	697.15	698.13 (18/1/93)	547.84 (26/6/92)	698.13 (18/1/93)	54.87 (31/10/72)

	Jan 15	Jan 8	Dec 31	year ago (approx.)
Dow Industrial Div. Yield	3.17	3.19	3.14	2.83

	Jan 13	Jan 6	Dec 16	year ago (approx.)
S & P Industrial div. yield	2.59	2.58	2.58	2.78
S & P Indl. P/E ratio	26.70	26.85	26.78	23.24

NEW YORK ACTIVE STOCKS

Wednesday	Stocks traded	Closing price	Change on day
Tucson Elec	13,256,000	3⅛	- ⅛
Citicorp	10,816,800	25⅞	+ 1⅛
Unisys	4,675,900	12⅛	+ ½
IBM	3,337,500	47	- 1⅛
Am T & T	3,282,900	53⅞	- ⅛
Conner Periph	3,180,400	23¼	+ 3
Merck	2,976,300	41½	+ ¾
Glaxo	2,874,800	21¼	+ ⅛
Philip Morris	2,868,600	70½	- ⅛
Chemical Bank	2,723,800	40⅞	- 1¼

TRADING ACTIVITY

† Volume (Millions)	Jan 20	Jan 19	Jan 18
New York SE	267.740	283.110	195.980
Amex	16.261	17.136	14.475
NASDAQ	240.744	232.128	240.744
NYSE			
Issues Traded	2,431	2,429	2,427
Rises	884	960	968
Falls	975	878	885
Unchanged	572	591	574
New Highs	133	172	138
New Lows	14	20	14

CANADA

TORONTO	Jan 20	Jan 19	Jan 18	Jan 15	1992/93 HIGH	1992/93 LOW
Metals & Minerals	2745.51	2760.05	2777.54	2764.64	3238.87 (16/1/92)	2529.91 (17/11/92)
Composite	3290.14	3288.10	3295.60	3306.58	3666.00 (16/1/92)	3195.40 (14/10/92)
MONTREAL Portfolio	1727.04	1729.05	1734.18	1746.12	1937.59 (16/1/92)	1663.16 (14/10/92)

Base values of all Indices are 100 except NYSE All Common – 50; Standard and Poor's – 10; and Toronto Composite and Metals – 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable. ♦ The DJ Indl. index theoretical day's highs and lows are the averages of the highest and lowest prices reached during the day by each stock; whereas the actual day's highs and lows (supplied by Telekurs) represent the highest and lowest values that the index has reached during the day. (The figures in brackets are previous day's).

	Jan 21	Jan 20	Jan 19	Jan 18	1992/93 HIGH	1992/93 LOW
AUSTRALIA						
All Ordinaries (1/1/80)	1519.1	1521.8	1519.1	1528.8	1684.50 (22/5/92)	1357.20 (16/11/92)
All Mining (1/1/80)	590.6	592.4	591.7	599.3	726.80 (3/7/92)	545.40 (16/11/92)
AUSTRIA						
Credit Aktien (30/12/84)	306.90	305.94	305.29	302.10	458.57 (24/2/92)	291.41 (13/8/92)
Traded Index (2/1/91)	732.40	731.10	730.64	719.08	1099.43 (24/2/92)	682.96 (13/8/92)
BELGIUM						
BEL20 (1/1/91)	1164.41	1150.74	1145.67	1140.59	1235.40 (2/6/92)	1046.07 (2/9/92)
DENMARK						
Copenhagen SE (3/1/83)	278.14	276.91	275.29	270.81	365.29 (15/1/92)	250.42 (28/10/92)
FINLAND						
HEX General (28/12/90)	855.7	862.7	876.0	888.0	935.90 (24/2/92)	541.00 (7/9/92)
FRANCE						
CAC General (31/12/81)	477.52	480.94	480.66	480.55	555.93 (12/5/92)	441.70 (7/10/92)
CAC 40 (31/12/87)	1812.18	1818.82	1837.74	1837.54	2077.49 (11/5/92)	1611.04 (5/10/92)
GERMANY						
FAZ Aktien (31/12/58)	618.81	616.47	619.89	611.46	725.26 (26/5/92)	565.61 (12/10/92)
Commerzbank (1/12/53)	1752.60	1747.9	1757.3	1733.0	2043.80 (25/5/92)	1594.60 (12/10/92)
DAX (30/12/87)	1573.67	1574.88	1578.83	1573.13	1811.57 (25/5/92)	1420.30 (6/10/92)
HONG KONG						
Hang Seng Bank (31/7/64)	5914.39	5877.02	5897.90	5882.02	6447.11 (12/11/92)	4301.78 (2/1/92)
IRELAND						
ISEQ Overall (4/1/88)	1234.45	1228.65	1236.26	1259.94	1469.57 (17/1/92)	1094.88 (19/10/92)
ITALY						
Banca Com. Ital. (1972)	487.60	485.34	487.96	484.93	551.59 (6/2/92)	354.93 (16/9/92)
MIB General (4/1/93)	1077.0	1072.0	1078.0	1072.0	1078.00 (19/1/93)	992.00 (11/1/93)
JAPAN						
Nikkei (16/5/49)	16538.68	16510.18	16798.64	16617.24	23801.18 (6/1/92)	14309.41 (18/8/92)
Tokyo SE (Topix) (4/1/68)	1264.66	1266.08	1276.07	1267.07	1763.43 (6/1/92)	1102.50 (18/8/92)
2nd Section (4/1/68)	1668.87	1676.06	1678.58	1682.69	2459.85 (6/1/92)	1502.77 (19/8/92)
MALAYSIA						
KLSE Composite (4/4/86)	625.93	622.61	624.12	624.37	660.35 (5/11/92)	546.63 (14/1/92)
NETHERLANDS						
CBS Ttl.Rtn.Gen.(End 1983)	299.2	298.2	297.9	298.7	314.90 (9/6/92)	274.00 (8/1/92)
CBS All Shr (End 1983)	201.3	200.7	200.5	201.0	215.50 (26/5/92)	189.70 (25/8/92)
NORWAY						
Oslo SE (Ind) (2/1/83)	686.11	689.27	693.74	685.04	772.74 (18/5/92)	532.43 (25/8/92)
PHILIPPINES						
Manila Comp (2/1/85)	1331.24	1309.68	1282.99	1306.65	1580.95 (11/6/92)	1083.01 (17/3/92)
SINGAPORE						
SES All-Singapore (2/4/75)	402.01	399.62	399.83	401.55	416.99 (21/1/92)	351.41 (21/10/92)
SOUTH AFRICA						
JSE Gold (28/9/78)	797.0φ	771.0	777.0	784.0	1327.00 (21/1/92)	746.00 (10/11/92)
JSE Industrial (28/9/78)	4519.0φ	4521.0	4540.0	4563.0	4689.80 (4/6/92)	3936.00 (19/10/92)
SOUTH KOREA**						
Korea Comp Ex. (4/1/80)	699.92	700.00	699.32	693.23	709.77 (9/1/93)	459.07 (21/8/92)
SPAIN						
Madrid SE (30/12/85)	234.09	234.07	229.57	230.68	266.51 (28/2/92)	179.48 (5/10/92)
SWEDEN						
Affarsvarlden Gen. (1/2/37)	927.20	933.1	934.8	933.8	1014.50 (11/5/92)	639.00 (5/10/92)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	924.5	914.7	915.6	923.1	938.10 (5/1/93)	748.50 (8/1/92)
SBC General (1/4/87)	699.8	692.1	691.3	695.4	699.80 (21/1/93)	596.40 (26/8/92)
TAIWAN**						
Weighted Price (30/6/66)	3420.62	(c)	3420.62	3356.80	5391.63 (30/1/92)	3088.43 (9/1/93)
THAILAND						
Bangkok SET (30/4/75)	965.34	961.30	948.87	937.99	965.34 (21/1/93)	667.84 (19/5/92)
WORLD						
M.S. Capital Intl.(1/1/70) $	491.5°	492.8	493.7	493.5	542.10 (7/1/92)	467.50 (8/4/92)
Euro Top-100 (26/6/90)	883.28	883.99	888.77	884.37	976.55 (25/5/92)	772.52 (5/10/92)

**Saturday January 16: Taiwan Weighted Price: 3362.52, Korea Comp Ex. 691.31
φ Subject to official recalculation. °Calculated at 15.00 GMT.

Base values of all indices are 100 except: Austria Traded, BEL20, HEX Gen., MIB Gen., CAC40, Euro Top-100, ISEQ Overall and DAX – 1,000, JSE Gold – 255.7, JSE 26 Industrials – 264.3 and Australia All Ordinary and Mining – 500; (c) Closed. (u) Unavailable.

TOKYO - Most Active Stocks

Thursday, 21 January, 1993

	Stocks Traded	Closing Prices	Change on day
Isuzu Motor	12.5m	360	+12
Minebea	5.7m	471	+3
Oki Electric Ind	3.7m	365	+33
Nikon Corp	1.9m	756	+28
Mitsubishi Hvy	1.8m	512	
Hitachi	1.7m	721	-4
Green Cross	1.7m	1,190	-10
Citizen watch	1.7m	940	+7
NPN Steel Corp	1.6m	286	+1
Mitsubishi Elec	1.6m	478	+2

3 pm January 21

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

1992–93 High	1992–93 Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
12½	11½	AAR Corp	0.48	4.0	22	358	u12½	12⅛	12⅛	–⅜
26⅛	25	A L Labs A	0.18	0.7	167	122	25⅜	d25	25¼	+⅛
60	57½	AMP Inc	1.52	2.7	21	1926	57½	d56⅝	56⅞	–⅝
70¼	66⅜	AMR				134182	66¾	d65¾	66½	–⅜
2	1¾	ARX			13	64	u2	1⅞	2	
31½	28⅞	ASA	2.00	6.4	20	288	u31½	31⅛	31⅛	–⅛
30¾	26¾	Abbott Lab x	0.60	2.2	18	12759	27¾	27⅛	27⅝	+⅜
11⅞	11⅛	Abitibi Pr x	0.50	4.4	4	165	11¼	d11⅛	11¼	
11	10¾	ACM Gvt In	0.36	3.3		53	u11	10⅞	10⅞	–⅛
9½	9⅛	ACM GvOpp	1.21	13.3		211	9¼	d9⅛	9⅛	–⅛
9¼	8¾	ACM Gvt Sp	0.85	9.3		460	u9¼	9	9⅛	
10⅞	10½	ACM Gvt Se	0.96	8.9		136	u10⅞	10¾	10¾	
10⅛	9⅞	ACM Man	1.16	11.9		331	10	d9⅞	9⅞	–⅛
9	8⅜	ACM Managd	0.78	8.7		83	u9	8⅞	9	+⅛
8¾	6⅛	Acme Cleve	0.40	4.6	16	56	u8¾	8½	8¾	+¼
8⅞	6⅞	Acme Elect			175	183	8¾	8¼	8¾	+⅜
16	13⅞	Acuson			10	1628	14¼	14	14¼	
20⅛	19⅝	Adams Expr	0.48	2.4	1	26	20	19⅞	20	+⅛
49⅝	46½	Ad Micro	3.00	6.2		254	48¼	47⅞	48⅛	+⅛
20⅞	17⅞	Ad Micro P	3.00	15.0		74024	20	19½	20	
6¾	6½	Advest Grp	0.16	2.6	13	34	6¼	6¼	6¼	
44½	41⅛	Aegon ADR	1.35	3.1	8	167	44½	43⅞	44¼	
50¾	45⅞	Aetna Lf	2.76	5.5	14	1647	50	49¼	49¾	–⅛
14½	11¾	Affil A	0.24	1.7	18	2551	14	13⅛	13⅞	+⅞
35¾	33⅛	Aflac	0.44	1.3	15	647	33⅝	d33	33⅛	–⅜
22⅛	17¼	Ahmanson	0.88	4.4		94117	20¼	19⅞	20	
7⅝	5⅞	Aileen Inc			10	247	6⅛	d5⅞	6	–⅛
48	45	Air Pr Chm	0.86	1.9	18	1070	45¼	d44⅞	45⅛	+⅛
21⅞	18⅛	Airbne Frt	0.30	1.4	117	738	21⅞	21⅛	21⅛	–⅜
21½	20⅛	Airgas Inc			28	150	20⅛	d19	19⅛	–1⅛
11¼	10½	Airlease	1.60	14.9	5	45	10⅞	10¾	10¾	
102⅝	101	AlaPw8.16	8.16	8.0		z100	102	102	102⅝	
104	102½	Alab 8.28G	8.28	8.0		z100	103½	103½	103¾	+1¼
11	10½	AlaPwDpPf	0.87	8.0		6	10⅞	10⅝	10⅞	
18	16⅝	Alaska Air	0.20	1.2	5	434	17	16⅞	17	
15½	14¼	Albany Int	0.35	2.4	59	461	14⅞	d14¼	14⅞	+⅛
25⅞	23½	AlCulvr B	0.24	1.0	18	38	24⅞	24⅝	24¾	
23⅞	21⅞	AlCulvr A	0.24	1.1	20	53	22½	22⅜	22⅜	–⅛
51⅛	46¾	Albertsons	0.64	1.3	26	1282	50	48¾	49⅝	+⅛
18⅞	16⅞	Alcan Alum	0.30	1.7	37	2059	17⅞	17⅛	17⅛	–⅛

Continued on next page

NYSE COMPOSITE PRICES

Continued from previous page

1992–93 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
36¾	33¾	ScottPaper x	0.80	2.3	71	816	35½	35⅛	35¼	
16⅞	14¾	ScuddrNAsF	0.55	3.7		53	15⅛	15	15	-⅛
8⅛	7½	ScuddrNEuF	0.34	4.2		205	8	7⅞	8	
21⅞	18	Sea Contrs	0.45	2.3	11	118	19⅝	19¼	19¼	
15¾	15	SeaC1.4625	1.46	9.7		9	15⅛	d15	15⅛	
25¾	24½	Seagram Co	0.56	2.2	137	398	25⅛	24⅞	25	-½
31¼	29¾	Seagull En			83	136	30⅞	30⅝	30⅞	+½
25⅝	24⅝	Sealed Air			24	184	u25⅝	25½	25⅝	+⅛
18¼	16¾	SPX Corp	0.40	2.4	12	68	17⅞	d16¾	16¾	-⅞
48¼	43⅞	Sears Roeb	2.00	4.2	41	5589	48	47⅛	47⅞	+¼
13⅛	12⅝	Seligm Sel x	0.84	6.6		90	12⅞	12¾	12⅞	+⅛
34½	31	Sensormat	0.30	0.9	28	616	u34½	33¾	33¾	-⅛
32⅞	31¼	Sequa A	0.60	1.9	23	365	31½	d31¼	31⅜	-⅛
34	31⅞	Sequa B	0.60	1.6	17	5	31⅞	31⅞	31⅞	
19⅛	18⅛	ServiceCpl r	0.40	2.2	17	1398	18½	18¼	18⅜	
28¼	27	Servicemtr	1.32	4.8	10	57	28	27⅝	27¾	-⅛
36⅜	32⅞	Shaw Ind	0.30	0.9	29	1591	36	34⅞	35⅛	-1½
21	17⅞	Shawmut Nt	1.00	5.0	31	4735	20⅛	19¾	20	-⅛
12⅞	10⅛	Shelby Wll	0.24	2.0	63	27	12	11¾	11¾	-⅛
51⅞	48⅜	Shell Tr&T	2.47	5.1	13	1736	48½	d48	48½	-⅛
31⅝	30	Sherwin Wl	0.44	1.4	16	1341	31	30½	30½	-⅛
24	22	Shoneys			20	884	23¾	23⅜	23¾	+⅜
18	16¼	Showboat	0.10	0.6	14	161	17⅛	16¾	16⅞	+⅛
21	20½	Sierra Pac x	1.12	5.4	12	59	20¾	20⅝	20⅝	-⅛
14¾	12¼	SignetApp			2	20	12¾	12⅝	12⅝	-⅛
47⅛	43	Signet Bnk	1.20	2.5	54	1227	u48½	47½	48	+1⅛
30	27½	SiliconGr			24	1558	29½	28⅝	29½	+⅞
11⅞	10⅞	Sizeler	1.01	9.0	31	70	u11⅝	11⅛	11¼	-⅛
9⅞	9¼	Sizzler	0.16	1.7	137	364	u9⅞	9⅝	9⅝	-½
22⅛	20¾	Skyline	0.48	2.2	30	579	22¼	22	22¼	
3⅞	3¼	SL Inds	0.06	1.7	31	61	3⅝	3½	3½	
7¼	6¼	SmithCorp	0.20	2.9	16	509	7⅛	7	7	

1992–93 High	Low	Stock	Div.	Yld. %	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
70½	62½	Xtra Corp	0.80	1.2	18	344	70⅛	67⅞	68	-2⅞
30⅛	29⅞	Yankee Egy	1.68	5.5	13	36	30⅛	30	30	-⅛
13/16	⅜	Zapata				403059	⅞	d⅜	13/16	
6¼	5⅞	ZenithElec			2	299	6⅛	d5⅞	6⅛	+⅛
21⅛	19⅝	Zenith Nat	1.00	4.7	10	136	u21⅝	21⅛	21½	+⅛
7	6½	Zenix Inc x	0.82	11.7		23	u7⅛	7	7	
14¼	13¼	Zero Corp	0.40	3.1	19	134	13⅞	d12¾	12¾	-⅞
40⅛	38	Zurn Ind	0.88	2.2	44	210	39⅞	39½	39½	-⅛
13⅛	12¾	Zweig Fund	1.44	11.2		136	13	12⅞	12⅞	
10¼	9⅞	Zweig Totl	0.96	9.4		193	u10¼	10⅛	10¼	

Price data supplied by Telekurs.

Yearly highs and lows reflect the period from Jan 1. excluding the latest trading day. Where a split or stock dividend amounting to 25 percent or more has been paid, the year's high-only range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividend are annual disbursements based on the latest declaration. Sales figures are unofficial.

a-dividend also xtra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls-sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-dividend or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE PRICES

3 pm January 21

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
Pegasus G	0.10	27	516	13½	13	13⅛	-⅜
Perini	0.80	17	55	17⅞	17½	17⅝	-⅛
Pet H&P	1.14	11	13	17¼	d16¾	17¼	
Phil LD	0.25	9	805	34⅞	34⅜	34¾	+⅛

NASDAQ NATIONAL MARKET

3 pm January 21

AMERICA

US markets drift in directionless trading

Wall Street

US STOCK markets continued to drift in directionless trading yesterday following a mixed Federal Reserve report on nationwide economic conditions, *writes Patrick Harverson in New York.*

At 1 pm, the Dow Jones Industrial Average was up 3.24 at 3,245.19, having spent all morning within a few points of Wednesday's close. The more broadly based Standard & Poor's 500 was up 0.54 at 433.91, while the Amex composite was up 0.04 at 405.25, and the Nasdaq composite was 0.80 firmer at 698.24. Trading volume on the NYSE was 150m shares by 1 pm.

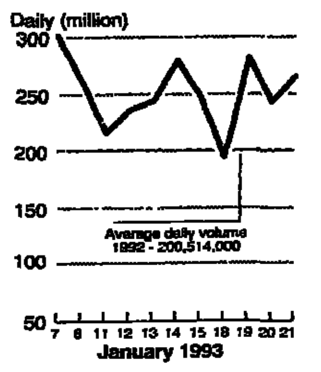
The markets are currently trapped in a pattern of narrow gains, punctuated by the occasional sell-off, reflecting the fact that investors are searching for an external lead, but finding nothing.

Corporate earnings in the latest quarterly reporting season have been inconclusive, neither sufficiently positive or negative enough to affect sentiment.

As for the economic background, conditions continue to improve, but at a disappointingly slow pace. The "Beige Book" report yesterday found that retail sales were "significantly better" over the Christmas holiday season, a general improvement in manufacturing, more strength in the residential housing market and increased loan demand. The Fed said, however, that the upturn in various industrial sectors has not sparked an improvement in the depressed labour markets.

Among individual stocks, McDonnell Douglas jumped

NYSE volume



$2¾ to $55¾ in busy trading in spite of a 42 per cent decline in income from continuing operations during the final quarter of 1992. Investors, however, were cheered by a statement from McDonell that said, but for its C17 military aircraft programme, the government aerospace programmes had their best year in the company's history. McDonell was also optimistic about the outlook for 1993, including the C17 programme.

Tandem Computers was the most actively traded stock falling $2¾ to $13⅝ in volume of 5m shares after the company disappointed the market with fiscal first quarter net income of $17.5m, or 16 cents a share.

Bank stocks were in mixed form following recent results, which showed an improvement in sector earnings. Wells Fargo remained in strong demand, rising $1 to $98¼, but Citicorp fell $½ to $25⅛ in volume of 2.6m shares, and Chemical slipped $⅞ to $39⅛.

Bear Stearns slipped $¼ to $17 on the news that fiscal second quarter earnings at the broking firm fell 17 per cent to $64.3m, primarily as the result of lower investment banking and principal trading revenues.

Foodmaker fell $⅝ to $12 after a report by the state of Washington's health department linked an outbreak of illness to meals sold by the company's Jack-In-The-Box units.

Canada

TORONTO stocks succumbed to weakness in banking issues leaving the TSE-300 index down 20.7 to 3,269.5 at midsession. News that the Canadian Imperial Bank of Commerce issued two preferred shares issues weighed heavily on financials and CIBC slid C$⅝ to CS24¼.

Taiwan cautiously greets the Year of the Cockerel

Simon Davies reviews prospects for the market

The Year of the Cockerel is being greeted by many in Taiwan as the year which will see the stock market finally rebound from its 73 per cent slide over the past two years. But there are growing signs that it will open with further falls.

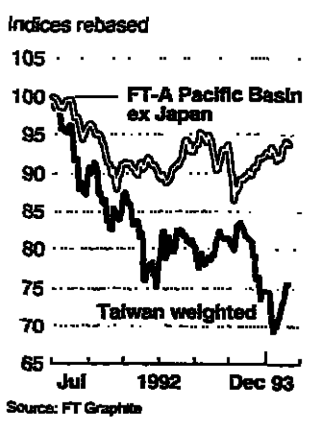
The government has finally made it clear that it is keen to support share prices and it has proposed long-awaited concessions, such as halving the stock transaction tax and easing restrictions for foreign institutional investors.

As a result of these measures – which have yet to be approved – the Taiwan Stock Exchange index rallied 8 per cent to 3,420.62 in the last seven trading days before the Chinese New Year holiday.

In a market which has historically shown little interest in fundamentals, there are brokers who suggest that the 0.3 percentage-point tax reduction could be the sign local investors are looking for to return.

The economy is still seeing reasonable growth of around 6 per cent a year and company earnings are expected to recover in 1993 after declining in 1992. However, the market still looks fundamentally expensive by comparison to others in the region. HG Asia Securities in London expects company earnings in 1993 of 8.5 per cent, putting the market on a price-earnings ratio of 21.8 times. This compares with a p/e of 9.4 in Hong Kong and 13.7 in Thailand.

Politics will remain a focus of attention when trading resumes next week. February will bring to an end the sensitive debate over who will replace Premier Hau Pei-tsun – one of the last key members of the mainland-born old guard – following President Lee Teng-hui's unconvincing victory in December's legislative elections. "This market gets upset by political instability, because it is not used to it," says Mr Peter Kurz, senior representative of Baring Securities Taiwan. He predicts that the weighted index will fall below 3,000 during 1993.



Source: FT Graphite

The political news is not entirely negative. President Lee's mainstream faction of the ruling Kuomintang party encountered a substantial protest vote in the recent elections, but it still controls sufficient power in the legislature to suggest that there will be no significant change in its market-oriented policy.

Fundamental restraints remain. The government is projected to raise T$100bn (US$4bn)from privatisations this year, while brokers predict a further T$60bn from private sector capital raising.

This could create a substantial drain on liquidity, although the government plans may prove over-ambitious, after the T$2.8bn China Airlines public offer was only 11 per cent subscribed.

More competition for liquidity will come from 15 new banks that opened last year and which are keen to expand their deposit base. Also, the level of Taiwanese investment into mainland China is showing no signs of abating: provisional estimates suggest $3.5bn was invested last year.

Counteracting this liquidity drain will be the capital invested by 11 proposed investment trusts, each of which has 45 days to raise T$4bn. The first companies started fund raising shortly before the Chinese New Year and this should provide some support for blue chip companies.

Overall, the Year of the Cockerel appears unlikely to bring initial joy to Taiwanese stock speculators. However, there are some attractive sectors within this gloomy picture, such as electronics companies.

Brokers still hold out the distant hope that the prohibition on direct air and sea links, and investment, with the mainland will soon be lifted, allowing Taiwanese companies to gain the full benefits from China's expanding economy.

Mr Graham Ormerod of head of research at Jardine Fleming Taiwan Securities, says: "It is a risky market, but with high risks come potentially high rewards."

EUROPE

Bourses mixed after Bundesbank meeting

THE continent saw individual features predominating yesterday, *writes our markets staff.*

FRANKFURT eased while the decision by the Bundesbank not to lower interest rates came as no surprise. The DAX index closed 1.21 lower at 1,573.67 after a day's high of 1,582.73. Turnover fell to DM5.2bn from DM6.2bn.

Attention turns today to January inflation data which is expected to show an increase over the previous month, partly as a result of the increase in value added tax at the start of the year.

While there was little corporate news to stimulate interest the banking sector was active after reports of downgrades. Lehman Brothers in London said in a note released earlier this week that "the speed of the economic slowdown in the German economy makes us more cautious towards the banking sector as a whole" and has revised downwards its earnings estimates for 1992 and 1993 to reflect increased bad debt projections.

Deutsche Bank lost DM6.50 to DM645, Dresdner Bank fell DM3 to DM352 while Commerzbank went against the trend with a rise of DM3.10 to DM251.60.

PARIS continued to feature Lyonnaise-Dumez after the group forecast sharply lower 1992 net profit on Wednesday. The shares fell to a 12-month low of FFr392 before recovering to close down FFr25.50 or 5.8 per cent at FFr410.00. Suez, which has a shareholding in the group, declined FFr2.50 to FFr269.50, while Générale des Eaux slipped FFr36 to FFr2,056.

The CAC-40 index closed 6.64 down at 1,812.18 in turnover of some FFr3.3bn.

St Gobain lost FFr8 to FFr481 ahead of announcing a fall in 1992 earnings per share from 1991 after the close.

MILAN closed firmer but off session highs as an initial flurry of buying gave way to profit-taking before bargain hunters returned. The Comit index finished 2.26 higher at 487.6.

Interest by long-term investors in Generali was attributed to the planned introduction of pension funds in Italy and expectations that more people would rely on life insurance as the government squeezes benefits. Generali fixed L780 higher at L33,210, but retreated to L33,000 in after-hours trading.

Shares in Cementir, the former state cement group, which was sold to the Caltagirone group of companies last year, surged in illiquid trading and the fixing was delayed to the end of floor dealings. The stock fixed L115 higher at L1,645 and rose to L1,680 after-hours.

ZURICH ended just off the day's high on selective buying in blue-chips. The SMI index rose 24.7 to 2,087.4.

Sandoz bearers, which fell SFr110 on Wednesday, picked up SFr30 to SFr3,060 as it said it expected profits for 1992 to be substantially higher than the previous year. However, an 8 per cent increase in sales last year was at the lower end of some analysts' expectations.

The banking and insurance sectors remained strong following a slight decrease in some short-term interest rates. CS Holding bearers, benefiting in part from a large buy order, added SFr50 to SFr2,110, and Union Bank bearers put on SFr8 to SFr896.

BRUSSELS was lifted by strong performances from Solvay and Petrofina and the BEl-20 index closed 13.67 higher at 1,164.41 in high turnover of some SFr2bn.

Solvay advanced BFr625 or 5.3 per cent to BFr12,425 while Petrofina closed up BFr310 or 4.2 per cent at BFr7,620, off the day's high of BFr7,730, helped by news after Wednesday's close that it had sold its minority stake in Tractebel, up BFr90 at BFr8,220. Delhaize improved BFr36 or 2.8 per cent to BFr1,334 on a broker's upgrade.

AMSTERDAM rose as investors absorbed news of plans by Bols and Wessanen to merge. The CBS Tendency index closed 0.3 up at 99.2. Bols shed 90 cents to Fl 46.10 while Wessanen lost 20 cents to Fl 98.30.

Wolters Kluwer rose Fl 1.60 to Fl 88.90.

STOCKHOLM saw Astra weaken after local newspaper reports suggested that the cost of implementing its co-operation agreement with Merck of the US could be higher than anticipated because of the appreciation in the US dollar. Its B shares lost SKr6 to SKr689. The Affarsvärlden index fell 5.9 to 927.2.

FT-SE Actuaries Share Indices

January 21 — THE EUROPEAN SERIES

Hourly changes	Open	10.30	11.00	12.00	13.00	14.00	15.00	Close
FT-SE Eurotrack 100	1092.24	1093.03	1092.94	1092.36	1091.08	1089.91	1092.37	1091.44
FT-SE Eurotrack 200	1157.33	1157.22	1156.67	1155.71	1154.90	1155.43	1156.36	1154.96

	Jan 20	Jan 19	Jan 18	Jan 15	Jan 14
FT-SE Eurotrack 100	1091.84	1090.81	1097.15	1089.58	1076.93
FT-SE Eurotrack 200	1153.29	1155.89	1166.50	1160.32	1154.08

Base value 1000 (26/10/90) High/day: 100 - 1094.19; 200 - 1158.37 Low/day: 100 - 1089.74 200 - 1151.95

ASIA PACIFIC

Public fund buying lifts Nikkei in final hour

Tokyo

BUYING BY public fund managers during the final hour of trading left the Nikkei average firmer, writes Emiko Terazono in Tokyo.

The 225-issue average gained 28.50 at 16,538.68 after moving between 16,374.13 and 16,585.53. Arbitrage selling and profit-taking by foreign investors pushed the index into negative territory for most of the day, but prices finally found support from public buying and arbitrage purchases towards the end of the session.

Volume was almost unchanged, at 200m shares against 210m, and declines finally led rises by 572 to 307, with 210 issues unchanged. The Topix index of all first section stocks lost 1.42 to 1,264.66 and, in London, the ISE/Nikkei 50 index eased 0.35 to 1,034.38.

Overall trading remained weak, with most investors focusing on reports of corporate mergers and acquisitions. Confirmed reports that Nippon Steel was in talks with Minebea, the ball bearings company, over a transfer of NMB Semiconductor, Minebea's semiconductor affiliate, prompted the Japan Securities Dealers Association to suspend trading of NMB on the over-the-counter market.

The association also announced an investigation into possible insider trading of NMB shares after the stock rose to Y958,000 on Wednesday, more than double the traded price in December. Trading volume has surged by more than 40 times since late December. Minebea, the second most active stock on the first section, put on Y3 at Y471, while Nippon Steel edged forward Y1 to Y286.

Meanwhile, reports that Ito-Yokado, a supermarket chain, was buying a 29 per cent stake in Isetan, a leading department store, from Shuwa, the ailing stock and property speculator, prompted volatility among retail sector issues. Isetan plunged Y400 to Y1,980, while Ito-Yokado, which later said talks to acquire the stake had fallen through, retreated Y150 to Y3,500.

Reports that Matsuzakaya, another department stock held by Shuwa, would be sold next month unnerved investors. Shuwa held stakes in six retailers during the late 1980s but is currently seeing increasing pressure to raise funds to repay its mounting debts. Matsuzakaya dropped by its daily limit of Y200 to Y1,020.

Oki Electric was the largest percentage gainer of the day, climbing Y33 to Y365. It is seen as a leading "restructuring" theme stock, along with Isuzu Motors, which was the day's most active issue, appreciating Y12 to Y360.

On the Tokyo SE foreign section, Royal Bank of Canada decided to delist its stock, following five foreign companies that included General Motors, which delisted at the end of last year.

In Osaka, the OSE average slipped 91.02 to 18,011.77 in volume of 34m shares.

Roundup

SOME Pacific Rim markets moved ahead as a holiday mood took hold.

HONG KONG advanced on selective bargain hunting before the market closed for the Lunar New Year holiday.

The Hang Seng index finished the shortened week 37.37, or 0.64 per cent, ahead on the day at 5,914.39, having touched 5,936.15 at one stage after reversing early losses.

Turnover stayed slim, at HK$2.34bn against Wednesday's HK$2.48bn, with many local fund managers already on holidays.

Swire Pacific "A" rose HK$1.20 to HK$31 as talks resumed to end the strike at Cathay Pacific, unchanged at HK$9.35.

Property shares were sought amid speculation that the 70 per cent residential mortgage cap will be lifted to 90 per cent later this year.

SINGAPORE saw foreign demand for blue chip issues which took the Straits Times Industrial index 15.71 higher to 1,593.87 in volume of 63.9m shares. Overall, however, declining issues outnumbered gainers by 111 to 79.

The strong close led to expectations that there could be a push into record territory during today's half-day session, ahead of the long weekend break. The current record of 1,607.12 was set in March 1990.

Among blue chips, Cerebos ended 14 cents up at S$4.64 after Suntory placed 15m shares at S$4.30 overnight.

AUSTRALIA tended lower in thin trading, with a weaker Australian dollar keeping foreign investors away.

The All Ordinaries index ended 2.7 off at 1,519.1, after having dipped to 1,514.3 at one stage, in volume that totalled A$198.64m.

NAB lost 3 cents to A$7.52 in spite of predictions at the bank's annual meeting of improved profits, while ANZ shed 2 cents to A$3.02 and CBA dipped 5 cents to A$5.55.

MANILA climbed in a strong, broadly based rally sparked by the rebound of telephone giant Philippine Long Distance Telephone by 20 pesos to 880 pesos. The composite index rose 21.56 to 1,331.24 for a two-day advance of 48.24.

KUALA LUMPUR picked up some early losses to finish mixed, but trading was restricted.

BANGKOK saw demand for the big property issues, which pushed the SET index up 4.04 to 965.34, its highest level since November 5.

SOUTH AFRICA

SHARES spent a quiet session but the overall index advanced 21 to 3,380. Among miners, Anglos posted a R3 gain at R96.50 after results. The gold index added 25, or 3.2 per cent, at 796, while the industrial sector shed 2 to 4,519.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co. and NatWest Securities Limited in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	WEDNESDAY JANUARY 20 1993								TUESDAY JANUARY 19 1993					DOLLAR INDEX		
Figures in parentheses show number of lines of stock	US Dollar Index	Day's Change %	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	Local % chg on day	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Yen Index	DM Index	Local Currency Index	1992/93 High	1992/93 Low	Year ago (approx)
Australia (68)	119.40	−0.1	114.87	94.31	99.73	118.41	+0.2	4.10	119.51	114.42	94.84	100.10	118.16	153.68	108.18	146.46
Austria (18)	134.38	+1.0	129.28	106.14	112.23	112.25	+0.6	2.18	133.06	127.40	105.61	111.45	111.62	188.70	131.16	168.19
Belgium (42)	136.73	+1.0	131.55	107.99	114.20	111.44	+0.5	5.42	135.42	129.66	107.47	113.42	110.88	162.27	131.19	144.30
Canada (113)	112.36	−0.5	108.10	88.74	93.84	104.23	−0.2	3.17	112.90	108.09	89.59	94.55	104.40	142.12	111.36	141.41
Denmark (33)	204.84	+1.3	197.08	161.79	171.09	171.76	+0.6	1.59	202.28	193.67	160.53	169.42	170.78	273.94	181.70	265.82
Finland (23)	69.25	−1.0	66.63	54.70	57.84	79.09	−0.5	1.78	69.98	67.00	55.54	58.61	79.52	89.80	52.84	84.77
France (99)	148.28	−0.4	142.66	117.11	123.83	126.24	−0.8	3.57	148.91	142.58	118.17	124.71	127.31	168.75	136.93	150.51
Germany (62)	107.22	+0.1	103.15	84.69	89.55	89.55	−0.2	2.54	107.13	102.57	85.03	89.72	89.72	129.69	101.59	120.21
Hong Kong (55)	235.18	−0.4	226.26	185.75	196.43	233.50	−0.5	3.85	236.19	226.13	187.44	197.83	234.59	262.28	176.36	188.39
Ireland (16)	138.10	−1.0	132.87	109.08	115.34	117.97	−1.1	4.50	139.47	133.53	110.69	116.81	119.28	173.71	122.98	171.35
Italy (76)	60.75	+0.7	58.45	47.98	50.74	66.56	+0.0	3.12	60.32	57.75	47.87	50.52	66.58	80.86	47.47	78.17
Japan (472)	101.54	−0.4	97.70	80.20	84.82	80.20	−0.9	1.04	101.97	97.63	80.92	85.42	80.92	140.95	87.27	128.80
Malaysia (69)	259.04	−0.3	249.22	204.59	216.35	258.04	−0.5	2.57	259.90	248.84	206.25	217.67	259.40	282.42	212.49	224.88
Mexico (18)	1664.81	+0.9	1601.70	1314.91	1390.47	5651.76	+0.9	1.06	1649.41	1579.21	1309.01	1381.47	5602.20	1789.77	1185.84	1495.50
Netherland (25)	154.10	+0.4	148.26	121.72	128.71	127.06	+0.1	4.48	153.53	147.00	121.85	128.59	126.97	169.70	147.88	155.00
New Zealand (13)	41.13	−1.6	39.57	32.49	34.35	42.47	−1.7	5.16	41.80	40.02	33.18	35.01	43.22	48.52	37.39	45.70
Norway (22)	146.17	−0.9	140.63	115.45	122.08	134.91	−0.9	1.79	147.54	141.26	117.09	123.57	136.17	192.95	128.05	189.87
Singapore (38)	210.84	+0.4	202.84	166.53	176.09	160.85	+0.4	2.04	209.98	201.04	166.64	175.86	160.19	229.83	179.65	228.13
South Africa (60)	153.88	−0.4	148.05	121.54	128.52	161.90	−0.6	3.13	154.48	147.90	122.59	129.38	162.91	263.80	134.21	262.33
Spain (47)	129.81	+2.6	124.89	102.53	108.41	111.81	+2.2	5.43	126.51	121.13	100.40	105.96	109.35	161.72	107.10	155.43
Sweden (36)	163.56	+0.4	157.36	129.19	136.61	173.79	−0.2	2.47	162.92	155.98	129.30	136.46	174.13	200.28	149.69	183.93
Switzerland (56)	111.85	+0.1	107.61	88.35	93.43	102.00	−0.1	2.10	111.69	106.94	88.65	93.56	102.07	122.37	95.99	102.40
United Kingdom (226)	170.44	−0.1	163.98	134.61	142.34	163.98	+0.4	4.51	170.62	163.36	135.39	142.89	163.36	200.07	161.86	181.81
USA (522)	177.24	−0.4	170.53	140.00	148.04	177.24	−0.4	2.89	177.95	170.38	141.23	149.05	177.95	180.06	160.92	170.35
Europe (781)	137.48	+0.1	132.27	108.59	114.83	124.74	+0.1	3.78	137.31	131.46	108.97	115.01	124.60	158.88	131.31	147.69
Nordic (114)	151.13	+0.4	145.40	119.37	126.23	142.52	−0.1	2.15	150.52	144.11	119.46	126.07	142.64	188.52	141.24	186.10
Pacific Basin (715)	106.61	−0.4	102.57	84.20	89.04	86.03	−0.8	1.39	107.03	102.48	84.95	89.65	86.72	141.97	93.70	131.02
Euro – Pacific (1496)	119.11	−0.2	114.60	94.07	99.48	101.44	−0.4	2.52	119.29	114.21	94.66	99.91	101.82	145.21	113.80	137.99
North America (635)	173.23	−0.4	166.66	136.83	144.71	172.30	−0.4	2.90	173.92	166.52	138.05	145.70	172.97	176.04	158.70	168.49
Europe Ex. UK (555)	117.45	+0.3	113.00	92.78	98.12	103.09	−0.1	3.27	117.11	112.12	92.96	98.11	103.17	132.98	111.33	126.92
Pacific Ex. Japan (243)	156.27	−0.3	150.35	123.45	130.53	145.83	−0.2	3.64	156.70	150.03	124.38	131.26	146.15	175.31	148.06	152.90
World Ex. US (1687)	120.24	−0.2	115.68	94.98	100.43	103.53	−0.4	2.53	120.42	115.30	95.58	100.87	103.90	146.91	115.99	140.30
World Ex. UK (1983)	135.49	−0.3	130.35	107.02	113.17	122.46	−0.5	2.47	135.86	130.08	107.83	113.80	123.03	150.58	127.21	146.28
World Ex. So. Af. (2149)	138.52	−0.3	133.27	109.42	115.71	125.78	−0.4	2.68	138.88	132.97	110.23	116.33	126.25	153.05	130.04	148.63
World Ex. Japan (1737)	159.31	−0.2	153.27	125.84	133.08	152.98	−0.2	3.23	159.63	152.84	126.70	133.72	153.29	165.40	151.93	161.66
The World Index (2209)	138.52	−0.3	133.27	109.41	115.70	126.12	−0.4	2.69	138.88	132.97	110.22	116.33	126.60	153.70	130.66	149.38

Latest prices were unavailable for this edition.